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Daily Report

China

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Daily Report

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General

Foreign Ministry Holds Weekly News Conference

Spokesman on Sino-UK Ties

OW0311102194 Beijing XINHUA in English 0950
GMT 3 Nov 94

[FBIS Transcribed Text] Beijing, November 3 (XINHUA)—China welcomes British Foreign Secretary Douglas Hurd's recent remarks on Sino-British relations and hopes that the British side will take actions beneficial to the improvement of bilateral relations, said a Chinese Foreign Ministry spokesman here today.

At a weekly press conference this afternoon, the spokesman, Chen Jian, was asked to comment on the remarks by Hurd on November 2 that Sino-British relations have been cooled down because of the question of Hong Kong, and it is not necessary to continue such an atmosphere, and Britain needs to have closer relations with China in political, economic and military fields.

Chen said that after the signing the Sino-British joint declaration on the question of Hong Kong in 1984, bilateral relations between China and Britain was once at the best for some periods of time.

However, he said, in recent years the British Government changed its policy toward China and adopted a uncooperative attitude on the question of Hong Kong, which has led to major twists and turns in the bilateral relations. "This is what we don't want to see," said Chen.

"Both China and Britain are nations of great influence in the international community. China attaches great importance to its relations with Britain. Maintaining and developing cooperation between China and Britain benefits both sides," the spokesman said.

Recently, Chen said, Foreign Secretary Hurd expressed the desire of improving Sino-British relations and strengthening cooperation at a meeting with Chinese Vice-Premier and Foreign Minister Qian Qichen in New York.

"We welcome this," he said. "We hope that the British side will be as good as its word and take actions which are beneficial to the improvement of bilateral relations, instead of doing anything detrimental to bilateral relations," he added.

Improved Ties Sought

HK0311095394 Hong Kong AFP in English 0922 GMT
3 Nov 94

[FBIS Transcribed Text] Beijing, Nov 3 (AFP)—China called Thursday for an improvement in Sino-British relations as the two sides prepared to sign a long-awaited agreement on funding for Hong Kong's new airport.

Foreign ministry spokesman Chen Jian said differences over the British colony's electoral reforms should not prevent cooperation "on questions concerning other aspects of Hong Kong's political system, Hong Kong's people's livelihood and other issues of a larger scope."

Chen welcomed a call for closer ties made by British Foreign Secretary Douglas Hurd during a meeting with his Chinese counterpart Qian Qichen in New York one month ago. But he emphasised Beijing's stance that London must do most of the work.

In recent years, Britain "has adopted an uncooperative attitude on the question of Hong Kong and major twists and turns have occurred in bilateral relations," he said.

"We wish to see the improvement of Sino-British relations at the earliest possible time but the key to this is that the British side should be one in word and in deed and should take real action," rather than "doing anything detrimental to bilateral relations," he said.

Chen's comments came as China and Britain announced they would sign an agreement Friday on financing for a 20.3 billion U.S. dollar airport project in Hong Kong, which reverts to Chinese rule in 1997.

The two sides have been locked in often acrimonious talks over the project for three years, with China arguing that the enormous cost would leave post-1997 Hong Kong with a huge burden.

Sino-British relations have soured further since 1992, amid a heated row over Hong Kong Governor Chris Patten's electoral reform bill, passed by the colony's legislature earlier this year.

Chen said China did not wish to have poor relations with Britain.

"Both China and Britain are countries of great influence in the international community and China attaches importance to its relations with Britain," he said.

Angolan Peace Accord Welcomed

OW0311102294 Beijing XINHUA in English 0946
GMT 3 Nov 94

[FBIS Transcribed Text] Beijing, November 3 (XINHUA)—China welcomes the initialing of the peace accord between the Angolan Government and the National Union for the Total Independence for Angola (UNITA) and extends congratulations to the Angolan people, Foreign Ministry spokesman Chen Jian said here today.

During a press conference held here this afternoon, the spokesman was asked to comment on the peace accord initialed in Lusaka on October 31.

"To end the war and establish peace in Angola serves the fundamental interests of the country and people. It is also the common aspiration of the international community," Chen said.

China hopes that the two sides will formally sign this accord in due time, implement the accord to the letter and continue to make positive contributions to a lasting peace and national reconciliation in Angola in cooperation with the U.N., he said.

"China, as a permanent member of the UN Security Council, has all along closely followed and actively supported the peace process in Angola. And we will continue to play our role in the future," the spokesman said.

Sudanese Foreign Minister To Visit

OW0311091794 Beijing XINHUA in English 0836 GMT 3 Nov 94

[FBIS Transcribed Text] Beijing, November 3 (XINHUA)—At the invitation of Chinese Vice-Premier and Foreign Minister Qian Qichen, Foreign Minister of the Republic of the Sudan Dr. Husayn Sulayman Abu-Salih will pay a goodwill visit to China from November 6 to 14.

This was announced by a Chinese Foreign Ministry spokesman at a weekly press conference here this afternoon.

New Book on Mao 'Sheer Fabrication'

HK0311104294 Hong Kong AFP in English 1007 GMT 3 Nov 94

[FBIS Transcribed Text] Beijing, Nov 3 (AFP)—China slammed as "sheer fabrication" Thursday a new book by Mao Zedong's personal doctor portraying the late communist leader as a merciless tyrant and philanderer.

"The book ... is sheer fabrication and it has cast a slander," foreign ministry spokesman Chen Jian told a weekly news briefing.

The Private Life of Chairman Mao was written by Li Zhisui, who served as Mao's personal doctor from 1955 until the leader's death in 1976 and now lives in Chicago.

Li, who has made a number of attacks on the founder of Communist China in recent years, said in a recent interview with the New York Times that although Mao appeared easygoing, "when you stayed longer with him, you found he was a merciless tyrant who crushed anybody who disobeyed him."

He also said Mao was an unprincipled ladies' man who thought an active sex life promoted longevity and lured numerous women to sleep with him while never bothering to get treatment for venereal diseases.

Mao ruled China as a closed, hardline communist state from 1949 until his death, building up a huge personality cult and launching such catastrophic campaigns as the Great Leap Forward and the decade-long Cultural Revolution.

While the Chinese Government acknowledges that Mao made serious mistakes, it insists that they were outweighed by his achievements and continues to pay homage to the "Great Helmsman."

A BBC television interview last year focusing on Mao's darker side—in which Li alleged that he had a liking for little girls—caused a diplomatic incident between Britain and China.

China Urges Reconsideration of Import Curbs

OW0311022194 Beijing China Radio International in English to Western North America 0400 GMT 2 Nov 94

[From the "Current Affairs" program]

[FBIS Transcribed Text] China has urged its trade partners to reexamine their discriminatory measures based on often erroneous dumping allegations. The call comes after the European Union's [EU] announcement of new antidumping restrictions against calcium exported from China last weekend. CRI's [Central China Radio] Yang Bingyuan filed this report, and here is Li Pechun with more.

The EU's action followed a series of antidumping restrictions imposed by international importers against China. After all, over 170 Chinese exports have been hit, including major exports like textiles, bicycles, and other light industrial products. Antidumping measures are allowed by the GATT and are seen as an important step against unfair competition in global trade. However, the antidumping measures some countries take against Chinese exports are discriminatory. This is the opinion of (Jiang Yuejiao), an official from the Ministry of Foreign Trade and Economic Cooperation or MOFTEC.

[(Jiang Yuejiao) is briefly heard, speaking in Mandarin, fading into background]

(Jiang Yuejiao) says many of the antidumping restrictions do not hold water but simply reflect a negative bias toward China. They are not recognizing China's successful movement toward a market-oriented economy. Some countries substitute figures from randomly chosen countries to estimate the production value of Chinese goods to judge whether they are sold at a price lower than the production cost.

Chinese officials say this method is discriminatory. It ignores the low-cost labor advantages of China and is unpredictable, unfair, and easily leads to erroneous conclusions. At present, the United States, the EU, and even some developing countries are leading the pack in imposing discriminatory anti-dumping measures against China. Mexico is one example.

[(Jiang Yuejiao) is again briefly heard, speaking in Mandarin, fading into background]

(Jiang Yuejiao) says last year, Mexico passed antidumping laws banning 4,000 kinds of Chinese commodities in 10 categories. The tax imposed on Chinese fruits

topped 1,100 percent. This is the largest tax ever imposed in an international antidumping case. Mexico has not provided any convincing evidence to support the case for antidumping. (Jiang Yuejiao) says China is a market economy country by legal and factual justifications, and this has already been recognized by the World Bank. Ninety percent of Chinese commodities are free of government-set fixed prices, while production companies and foreign trade companies have become independent entities, responsible for their losses and gains. Export subsidies have been abolished. An anti-unfair competition law issued this year stipulates that domestic enterprises found to sell below cost will face lawsuits and penalties at home. And according to a MOFTEC paper issued in April this year, exporters charged with dumping must respond promptly. Those failing to respond will receive penalties, ranging from suspending export quotas to having their management licenses revoked. But MOFTEC officials stress that the recent trends are unfair.

[(Jiang Yuejiao) is again briefly heard, speaking in Mandarin, fading into background]

MOFTEC official (Jiang Yuejiao) warns that antidumping measures based on unsound research will eventually harm Chinese exports and the nation's trade ties with foreign countries. It will affect Chinese exporters' readiness to answer to dumping charges. What is more, a decrease in foreign exchange earnings on the Chinese side will affect Chinese imports from foreign countries. It will also harm the interests of foreign importers and consumers.

Despite fast-growing momentum, China's foreign trade accounts for only 2.5 percent of the global trade volume, which MOFTEC official (Jiang Yuejiao) says is far from constituting a threat to other countries.

(Jiang Yuejiao) says it is necessary to make foreign countries and enterprises understand that Chinese exporters are profit-oriented. The competitive prices our commodities boast, which stem from low production cost, reflect our comparative advantages instead of weak points. She stresses that the Chinese Government is against dumping but also against any discriminatory measures to abuse antidumping duties as a form of protectionism.

U.S. Foreign Policy Toward Burma Criticized

HK0311053294 Hong Kong SOUTH CHINA
MORNING POST in English 3 Nov 94 p 28

[Editorial: "Sending Wrong Signal"]

[FBIS Transcribed Text] The Asia focus to U.S. foreign policy signified by the Seattle summit seems to be losing a little of its sharpness. The U.S. found itself wrong-footed on its China policy, while a tough line on trade with Japan has generated plenty of tension but little business. The nuclear agreement with Pyongyang has not

added lustre to Washington's reputation in Seoul, while the United States is hardly a pacesetter in developing relations with Vietnam.

Now, apparently following reluctantly in the footsteps of the Association of Southeast Asian Nations (ASEAN), the United States has sent a fairly senior official to Rangoon to talk to the generals of the State Law and Order Restoration Council (SLORC), one of the world's truly nasty regimes, which has specialised in physically wiping out democratic politicians while stripping the country of its assets.

It is clear why ASEAN has sought "constructive engagement" with the junta: Burma's assets have helped feed Asia's growth. However, up to now, the United States has accused the generals of being major international narcotics traffickers, which adds interest to a meeting this week between U.S. Drug Enforcement Administration officials and the junta's antinarcotic officials in Shan State.

U.S. Deputy Assistant Secretary of State for East Asia and Pacific Affairs Thomas Hubbard met the junta's military intelligence chief, Khin Nyunt, on Tuesday to discuss human rights, democracy, and the fight against drug trafficking. It is difficult to imagine what Khin Nyunt had to say on these matters. He is still detaining the country's popular leader, Aung San Suu Kyi, while most other leaders of her National League for Democracy have been murdered, maimed, or driven into exile.

The United States has, for years, urged ASEAN to shun the Burmese junta. Little has changed in Rangoon, apart from well-publicised attempts by the junta to engage Aung San Suu Kyi in dialogue. Washington should continue to shun such a murderous and illegitimate regime, unless the junta seeks help in handing over power to a popularly elected government. If Washington had wanted to send a message to Rangoon about the benefits of joining the international community, channels exist and, if they did not, Jimmy Carter would no doubt have been willing to open them. But when it comes to repulsive regimes, Rangoon is right up there with the ousted military leadership in Port-au-Prince. If the United States will not tolerate pariahs in its own neighbourhood, it has no business getting friendly with them in Asia.

United States & Canada

Li Lanqing Starts Official Visit to U.S.

OW0311065194 Beijing XINHUA Domestic Service in
Chinese 0300 GMT 3 Nov 94

[By reporter Ying Qian (2019 6197)]

[FBIS Translated Text] Washington, 2 Nov (XINHUA)—Invited by the U.S. Government, Li Lanqing, vice premier of the State Council, and his Chinese

Government delegation arrived in Washington on the afternoon of 2 November to start a two-week official visit to the United States.

At the Dulles International Airport, the delegation was welcomed by Jeffrey Garten, under secretary of the U.S. Department of Commerce, Li Daoyu, Chinese ambassador to the United States, representatives of local Chinese-American communities, and Chinese students here.

Gan Ziyu, vice minister in charge of the State Planning Commission; Shi Guangsheng, vice minister of Foreign Trade and Economic Cooperation; Wang Shucheng, vice minister of Power Industry; Shen Yuankang, deputy director of the Civil Aviation Administration of China, and Wang Ang, vice president of the Chinese General Company of Astronautics Industry, arrived here on the same flight.

This reporter has learned: During the visit, Vice Premier Li Lanqing is expected to meet U.S. Government leaders and cabinet members for discussions on Sino-U.S. relations and especially economic and trade ties between the two countries. He will address the "Conference on China's Infrastructure" and the "Conference on China's Automobile Industry" that are jointly held by the American Chamber of Commerce, U.S.-Chinese National Trade Council, and Chinese International Trade Promotion Association.

Besides Washington, the Chinese delegation will visit Orlando, Little Rock, Detroit, Chicago, Seattle, and Honolulu to extensively get in contact with U.S. industrial and business enterprises.

Sino-U.S. Ties To Focus on Economic Interests

HK0311030194 Beijing ZHONGGUO XINWEN SHE in Chinese 0945 GMT 1 Nov 94

[By staff reporter Chen Jian (7115 1696): "Build Sino-U.S. Relations Proceeding From Strategic Interests"]

[FBIS Translated Text] Beijing, 1 Nov (ZHONGGUO XINWEN SHE)—This morning, Vice Premier Li Lanqing flew across the ocean with the mission to develop Sino-U.S. economic and trade cooperation; he is the third Chinese vice premier to visit the United States this year.

In less than a month, Chinese President Jiang Zemin will meet U.S. President Bill Clinton in Jakarta, the capital of Indonesia. The next day they will travel to Bogor, 60 km south of Jakarta, to attend an unofficial meeting of APEC [Asia Pacific Economic Cooperation] forum leaders.

Since last November's Sino-U.S. summit in Seattle, bilateral relations have witnessed a tendency of improvement and development, and senior officials from the two countries have exchanged frequent visits.

In April, October, and November this year, Vice Premiers Zou Jiahua, Qian Qichen, and Li Lanqing visited the United States respectively. In January, March, August, and October, U.S. Secretary of Treasury Lloyd Bentsen, U.S. Secretary of State Warren Christopher, U.S. Secretary of Commerce Ronald Brown, and U.S. Defense Secretary William Perry visited China one after another. During this period, the Sino-U.S. Joint Economic Commission was held in Beijing in January; in April, Song Jian, minister of the State Science and Technology Commission, and Wu Yi, minister of foreign trade and economic cooperation, went to the United States respectively to attend meetings of the joint scientific, technological, commercial, and trade commissions of the two countries; and in October, which has just passed, the first meeting of the Sino-U.S. Joint Commission on Conversion of Defense Industries was held in Beijing.

Sino-U.S. cooperation in a series of important areas mentioned above is built on the broad common interests of the two countries. The United States is China's third largest trade partner, and from January to September this year, the volume of bilateral trade reached \$24.1 billion. China's imports from the United States create 180,000 jobs for Americans.

During his visit to China, U.S. Secretary of State Warren Christopher relayed a message from President Bill Clinton: Bill Clinton is determined to establish extensive and more constructive relations between China and the United States. Both the U.S. and Chinese sides should grasp the opportunity and take positive actions to promote relations between the two countries.

On 28 May, President Bill Clinton announced the unconditional extension of most-favored-nation trading status to China, and separated the human rights issue from trade. THE NEW YORK TIMES carried an article which said: "Many policy experts in the White House think he (Bill Clinton) has made the correct choice, and this indicates that economic interests already occupy the center stage of U.S. foreign policy."

This concurs with the view, on the principle of giving priority to economic matters, held by the Chinese Government.

Since the collapse of the bipolar pattern, the international situation is generally easing, and the issue of development has become more prominent. Therefore, giving priority to economic matters is becoming the dominant factor affecting international relations.

Deng Xiaoping said in Autumn 1989 when meeting former U.S. President Richard Nixon: "We should mainly proceed from the country's own strategic interests when we consider relations between two countries." "We are both discussing and handling problems with our countries' interests as the supreme criterion. When handling such a big issue (Sino-U.S. relations), we are realistic, we respect each other, and we have an open mind."

Five years later, when Chinese President Jiang Zemin met members of the U.S. cabinet, he reiterated that China and the United States, as two great world powers, have important responsibilities to the future and the fate of the world that they cannot shirk. Both sides should enhance trust, reduce trouble, develop cooperation, refrain from confrontation, and handle Sino-U.S. relations from a long-term perspective and in a broader scope. This is what the people of the world want to see regarding China and the United States.

'News Analysis' Reviews Ties

OW0311055594 Shanghai People's Radio Network in Mandarin 2300 GMT 1 Nov 94

["News Analysis" by special correspondent (Zong Xin)—from the "990 Morning News" program]

[FBIS Translated Text] In less than half a month, Chinese President Jiang Zemin will be meeting with U.S. President Clinton in Jakarta, the capital city of Indonesia. The leaders will also attend an informal summit of the Asia-Pacific Economic Cooperation forum in Bogor.

Since the Sino-U.S. summit in Seattle last November, momentum for improving and developing bilateral relations between China and the United States has emerged. High-ranking officials of the two countries conducted frequent mutual visits. In April, October, and November, Chinese vice premiers Zou Jiahua, Qian Qichen, and Li Lanqing visited the United States; and in January, March, August, and October, U.S. Secretary of Finance Lloyd Bentsen, Secretary of State Warren Christopher, Secretary of Commerce Brown, and Secretary of Defense William Perry visited China in succession. A Sino-U.S. Joint Economic Commission meeting was held in Beijing in January. Song Jian, minister in charge of the State Science and Technology Commission, and Wu Yi, minister of Foreign Trade and Economic Cooperation, separately visited the United States in April to attend meetings of the Sino-U.S. Joint Science and Technology Commission and the Sino-U.S. Joint Commerce and Trade Commission. In October, the first meeting of the Sino-U.S. Joint Defense Conversion Commission was held in Beijing.

The cooperation between China and the United States in the aforementioned fields is based on the common interests of the two countries. The United States is China's third largest trade partner. From January to September this year, bilateral trade volume reached 2.41 billion. China imported goods from the United States, thus creating 180,000 jobs for U.S. workers. When U.S. Secretary of State Warren Christopher visited China, he conveyed President Clinton's message. Clinton is determined to establish extensive and more constructive relations between the United States and China. The United States and China should seize their opportunities, take active steps, and push bilateral relations forward.

On 28 May, President Clinton announced the decision to unconditionally extend China's most-favored-nation status and delink trade issues from human rights issues. A NEW YORK TIMES article noted: Many experts on White House policy held that Clinton made the right decision and that this showed that economic interests have become the focus of U.S. foreign affairs. This coincides with China's principle that economics is the top priority.

Following the breakdown of the polarized world structure, the tense international situation becoming more relaxed and development issues are becoming more acute. "Economics is the top priority" is becoming a major factor that influences the development of international relations. While meeting with former U.S. President Nixon in the autumn of 1989, Comrade Deng Xiaoping said: We must take our own strategic interests into consideration while evaluating relations with other countries. We all regard our country's own interests as the supreme principle in dealing with problems. In dealing with such a large issue as Sino-U.S. relations, we are being practical, respectful toward each other, and broad-minded. Five years later, at the meetings with U.S. cabinet members, Chinese President Jiang Zemin reiterated: As two large countries in world, China and the United States shoulder great responsibilities for the world's future and destiny. Both sides should increasingly build up their confidence in each other, reduce troubles, develop cooperation, refrain from confrontation, and view Sino-U.S. relations from a strategic, long-term, and broader perspective. This is also the hope placed on China and the United States by the people of the world.

Beijing Mayor Welcomes U.S. Investment

OW0311120094 Beijing XINHUA in English 0930 GMT 3 Nov 94

[FBIS Transcribed Text] Beijing, November 3 (XINHUA)—Beijing Mayor Li Qiyuan told visiting U.S. businessmen here today that the municipality welcomes U.S. investment in the construction of local infrastructure.

Meeting with Maurice Greenberg, president of the American International Group, and his entourage, the mayor said that although marked progress has been made in infrastructure in recent years in Beijing, which has been widely acclaimed by overseas tourists, there are still gaps between Beijing and the standards set for a modern international municipality.

"We need further development, especially in infrastructure," he said.

He pointed out that means of communication in Beijing still fall short of the need, with the most outstanding example being the subway. Supplies of energy and electric power are still inadequate, he said.

He told the American visitors that Beijing is now planning the construction of the fourth and fifth ring roads and several expressways.

"Overseas investors are encouraged to participate in the development of our infrastructure," he said.

In his response to the mayor's remarks, Greenberg said that he is amazed by the changes taking place in Beijing in such a short time, which, he said, has no parallel in any other capital in the world.

He expressed his hope of setting up an office in Beijing to help his company's participation in the economic construction in the Chinese capital.

He also disclosed his group's plan to launch an Asian infrastructure fund to invest in energy, telecommunications and communication in the region.

During the meeting Li Qiyang invited Greenberg to be a high ranking economic adviser to Beijing, and the visitor accepted the offer.

The mayor spoke highly of Greenberg's contributions to the advancement of Sino-U.S. relations.

In 1993 Greenberg bought on an overseas market a bronze window from an ancient bronze pavilion which had been looted by foreign aggressors at the turn of the century, and donated it to the Palace Museum in Beijing.

Earlier, Beijing had invited John Macle, president of the Morgan Stanley Investment Bank of the U.S. to be a high-ranking economic adviser to the municipality.

The New York-based international group established a joint venture with the People's Insurance Company of China in 1980 to operate in the U.S., Bermuda and Hong Kong. It set up a branch in Shanghai in 1992.

By the end of October this year the U.S. had invested in 1,475 businesses in Beijing, with the direct investment amounting to 1.52 billion U.S. dollars, ranking second place only after Hong Kong.

Li Ruihuan Receives Pharmaceutical Firm Chairman

OW0211140094 Beijing XINHUA in English 1312
GMT 2 Nov 94

[FBIS Transcribed Text] Beijing, November 2 (XINHUA)—Smithkline Beecham (SB), the leading pharmaceutical company in U.S., signed a letter of intent today with two Chinese partners on the establishment of a joint venture in Shanghai in 1995.

The Sino-American Shanghai Smithkline Beecham Corp. Ltd. will mainly manufacture, market and distribute Havrix, SB's Hepatitis A vaccine, according to the letter of intent.

The two Chinese partners are the China National Biological Products Corporation and the Shanghai Institute of Biological Products.

During his meeting with SB's Chairman Jean Pierre Garnier today, Li Ruihuan, chairman of the National

Committee of the Chinese People's Political Consultative Conference (CPPCC), praised the continuous efforts of the U.S. firm in investing in China.

The Tianjin Smith Kline and French Laboratories LTD (TSKF) is SB's major joint venture company in China. Established in 1984, its investment totaled 17.94 million U.S. dollars, of which the U.S. side shared 55 percent.

Li cited TSKF as an example of success in pharmaceutical cooperation between China and other countries. He expressed the hope that SB will maintain its lead in this regard and achieve new development.

The production of pharmaceuticals, just as other commodities, seeks economic returns. However, pharmaceuticals are directly related to people's lives and health, and all producers in this industry should give priority to the well-beings of the people, Li stressed.

China, as the most populous country in the world, is a great potential market for pharmaceuticals, Li said, adding that due to the low level of living standards of the Chinese people, the less expensive and effective pharmaceuticals are still the most welcomed in the country.

Garnier, on his part, said that SB's business in China has been very successful since it entered the country in the 1980's.

Garnier said that the U.S. company's plan to set up the joint venture in Shanghai is the first step of its giant investment program in China which covers 100 million U.S. dollars.

Smithkline Beecham, with sales of over 6 billion U.S. dollars in 1993, is one of the world's leading healthcare companies, taking the third place of the world's top ten. Over 300 of its branded products are sold in 130 countries.

"We foresee a bright future of developing our business on the Chinese market," said Garnier.

Canadian Leader To Sign Nuclear Cooperation Treaty

HK0311044494 Hong Kong SOUTH CHINA
MORNING POST in English 3 Nov 94 p 13

[By John Kohut in Beijing]

[FBIS Transcribed Text] Canadian Prime Minister Jean Chretien is expected to sign a nuclear cooperation treaty with China next week, possibly leading to billions of dollars worth of reactor sales, while businessmen in his entourage are set to sign dozens of deals worth about U.S.\$1 billion (HK\$7.7 billion).

Heading what appears to be the largest delegation sent to China from any country since the Tiananmen massacre, Mr Chretien is clearly making business the priority of his November 5 to 10 China visit to Beijing and Shanghai, according to Canadian officials.

Human rights will be raised privately but the Prime Minister will not be bringing up individual cases.

The nuclear cooperation agreement would ensure that Canadian nuclear technology and uranium would not be used for military purposes. Having been under negotiation for half a year, the treaty would clear the way for commercial talks. Secretary of State (Asia Pacific) Raymond Chan has been quoted as saying China was interested in the possibility of buying up to four CANDU reactors worth U.S \$3.7 billion.

Mr Chretien's delegation is about 500-people strong, including the premiers of each Canadian province except Quebec, more than 100 corporate chief executives and other businessmen. At the moment, 55 commercial deals are expected to be clinched during the visit.

Mr Chretien will meet President Jiang Zemin, Premier Li Peng, Vice-Premier Zou Jiahua, and possibly some governors.

Human rights activists in Canada have expressed dismay over the trip, saying the Liberal Government is sacrificing principle to win commercial contracts. But a Canadian official said that Canada "cannot afford to ignore the Chinese economy".

Northeast Asia

Rong Yiren Arrives in Osaka, Meets Business Leaders

OW0211140294 Beijing XINHUA in English 1309 GMT 2 Nov 94

[FBIS Transcribed Text] Osaka, November 2 (XINHUA)—Chinese Vice President Rong Yiren arrived in Osaka today, continuing his seven-day visit to Japan that began on Friday [29 October].

Rong visited the Hall of Science and Technology belonging to the Matsushita Electrical Industries Co., Ltd., a leading electronics giant based in this industrial and commercial hub of western Japan.

He showed particular interest in the development of such modern high-tech devices as sensor robots, video and audio technology, home automation systems and multimedia equipment.

In the evening, the vice president met a group of business leaders from the Kansai area and urged them to help boost Japanese investment in China.

Further Reportage on Li Peng's Visit to South Korea

Li Peng, Yi Yong-tok Discuss Ties

OW0211142894 Beijing XINHUA in English 1416 GMT 2 Nov 94

[FBIS Transcribed Text] Seoul, November 1 (XINHUA)—Visiting Chinese Premier Li Peng and His ROK

counterpart Yi Yong-tok both believe that industrial cooperation between China and the Republic of Korea (ROK) has a bright future and they will make concerted efforts to further expand the cooperation.

The Chinese premier and his ROK counterpart Yi Yong-tok met here today over bilateral economic cooperation and other issues of mutual concern.

According to Chinese diplomatic sources, Li Peng told Yi that the world has entered into a new era of high technology and that both China and the ROK can explore future cooperation in this field.

ROK-China relations, particularly economic cooperation, are very good, the ROK prime minister said, adding that ROK businessmen have a clear understanding about the economic situation in China, where they want to invest more.

Yi expressed his satisfaction over the ROK-China cultural exchanges and affirmed he highly appreciates China's constructive role in promoting peace and stability in the Korean Peninsula.

Li Peng said China, which implements an independent peaceful foreign policy, wants to maintain good-neighborly relations with all its surrounding countries.

Li added that China develops relations with the Democratic People's Republic of Korea and the ROK on the basis of the five principles of peaceful coexistence, which will be conducive to peace and stability in this region and in the world at large.

The Chinese premier arrived here Monday [31 October] for a five-day official visit.

Li Breakfasts With Kim Yong-sam

OW0211150494 Beijing XINHUA Domestic Service in Chinese 1251 GMT 2 Nov 94

[By reporters Zhang Yijun (1728 4135 0193) and Zhang Zhongyi (1728 1813 5030)]

[FBIS Translated Text] Pusan, 2 Nov (XINHUA)—Chinese Premier Li Peng arrived in Pusan by special plane this afternoon for a visit following his visit to Seoul.

ROK President Kim Yong-sam and his wife Son Myong-sun hosted a breakfast at the Chongwadae Presidential House for Li and his wife Zhu Lin before seeing them off.

According to sources, at the breakfast the leaders of the two countries exchanged views on a wide range of issues. Kim Yong-sam spoke highly of Li Peng's ROK visit, saying the visit will play a major role in furthering ROK-Sino friendly relations.

Li Peng thanked Kim Yong-sam for the lavish hospitality accorded him. Li said his current trip to the ROK

had been extremely successful, adding this will help promote the realization of peace and stability on the Korean peninsula.

After the breakfast, Li Peng and his party were driven to Kihung Town, south of Seoul, to visit the Samsung Electronic Company, which manufactures semiconductor products there.

In the afternoon, when Li Peng and his party left Seoul, they were seen off at the airport by ROK Foreign Minister Han Sung-chu, his wife, and others.

After arriving at the Kimhae Airport in Pusan by special plane, Li Peng was driven to Changwon City to visit the Samsung Aviation Company and the Daewoo Heavy Industries Company.

In the evening, Pusan Mayor Kim Ki-chae and his wife hosted a banquet at the Kaya Hotel in Haeundae to welcome Li Peng and his party.

Ends Seoul Visit

OW0211131294 Beijing XINHUA in English 1302
GMT 2 Nov 94

[FBIS Transcribed Text] Pusan, November 2 (XINHUA)—Chinese Premier Li Peng arrived in Pusan this afternoon following a two-day visit to Seoul, continuing his five-day official visit to the Republic of Korea (ROK).

Prior to Li's departure from Seoul, ROK President Kim Yong-sam hosted a breakfast for him, during which he said that Li's visit would play a major role in furthering bilateral relations.

According to Chinese diplomats accompanying Li, the Chinese premier told the ROK president that his current trip had proved extremely successful and that he believed it would help promote the realization of peace and stability on the Korean Peninsula.

Li, the first Chinese premier ever to visit the ROK, arrived in Seoul on Monday [31 October] as the guest of President Kim.

During his stay in Seoul, Li held talks with the president, the speaker of the National Assembly and the prime minister, as well as with leading businessmen, on furthering bilateral relations, especially economic and trade relations.

Agreements on civil aviation cooperation, the peaceful use of nuclear energy and cooperation in the development of civil aircraft were signed by the two countries during Li's stay in Seoul.

The Chinese premier will visit some prominent enterprises in the ROK, including Samsung, Daewoo and Hyundai, before returning home on Friday.

Arrives at Cheju Island

OW0311114294 Beijing XINHUA in English 1126
GMT 3 Nov 94

[FBIS Transcribed Text] Cheju, November 3 (XINHUA)—Chinese Premier Li Peng arrived here today to continue his current visit to the Republic of Korea (ROK).

Sin Ku-pom, governor of Cheju Province, hosted a banquet to welcome Premier Li.

The island is the final leg of the premier's five-day trip to the ROK.

Before leaving Pusan for Cheju, Li toured the Pusan-based automobile and ship-building plants of the Hyundai Co., a leading heavy industry company in the country.

Li is scheduled to leave for home Friday afternoon.

Columnist on Reaction to Li Peng's ROK Visit

HK0211125194 Hong Kong TA KUNG PAO in Chinese
2 Nov 94 p 3

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "A Cooperative Era Is Dawning in Northeast Asia"]

[FBIS Translated Text]

Li Peng's Visit to South Korea as Viewed by the Japanese Press

Three major newspapers in Japan devoted major space to Chinese Premier Li Peng's visit to South Korea. Take yesterday's ASAHI SHIMBUN for example. Apart from running a report entitled "Chinese Premier Visits South Korea" across the top of its front page, the newspaper devoted the major top space on pages 2 and 3 to detailed reports on Li Peng's activities in Seoul and on the response to the visit made by the official and non-official newspapers in South Korea.

ASAHI SHIMBUN said: "The first visit to South Korea by a Chinese leader signals that an era of cooperation is dawning in Northeast Asia."

The Japanese press attach great importance to the Chinese Government leader's visit to South Korea because they believe it marks a new development and a new change in the situation in Northeast Asia. They are more eager to see what impact the Sino-South Korean economic cooperation will have on Japan and Asia.

Clearly, Premier Li Peng led a large group of entrepreneurs to South Korea mainly to develop bilateral economic cooperation. That is why Japanese financial circles could not afford to overlook the impact on Asia and the world market of cooperation in many fields between South Korea, one of the "four fast-growing dragons in Asia," and China, which has enormous market potential

due to its 1.1 billion population, is full of vigor and vitality, and is making vigorous efforts to develop a market economy and a high-tech industry.

"The First Visit to South Korea in 5,000 Years"

South Korea's UNITED PRESS AGENCY spoke highly of Li Peng's visit, saying that "this is the first visit by a Chinese leader to South Korea in 5,000 years." The fact that the agency pointed out that this was not only the first visit made by a Chinese leader to South Korea since World War II but also "the first in history" demonstrated that the agency valued the visit.

The South Korean National Economic Federation stated: "This is the first time South Korean economic circles have attached such great importance to a Chinese leader's visit."

The two comments on the Chinese premier's visit indicated that South Korea, which views Li Peng's visit from an economic angle, places great hopes on the summit to be held at the Blue House (the South Korean president's residence).

The joint-venture projects to be covered by the summit mostly concern the people's livelihood and economic activities of the two countries. As early as March this year, when President Kim Yong-sam visited China, the two countries decided to carry out cooperation in various projects, including medium-sized civilian aircraft, automobiles, quality television sets, switchboards, and nuclear power plants.

South Korea has expressed great interest in joining China on the program to build 30 nuclear power stations in China before 2010. Surely China has a greater demand for energy than can be provided by these nuclear power stations, so the market for nuclear energy in China has enormous potential.

South Korean Enterprises Take a Keen Interest in China

On the evening of 1 November, Li Peng and his party attended a banquet given by the South Korean "National Economic Federation" and on 2 and 3 November they will attend luncheons hosted by the "Three Stars," "Modern," "Tae U," or other major enterprise groups.

South Korea began making direct investment in China following the establishment of diplomatic ties between the two countries in 1992. People in South Korean economic circles said: "In Southeast Asia South Korea is outweighed by Japan in terms of investment, but in China the two countries draw."

For China, South Korean technologies are of high quality and cheap, while China has suffered a lot from the appreciation of the yen, in which currency China received loans from Japan and issued bonds. China is developing a market economy so it is eager to know South Korean enterprise groups' secret of success in

operations and in achieving rapid economic growth. China welcomes South Korean businessmen to invest in China because this not only meets the needs of China's economic development but also provides an opportunity for China to learn from them.

While maintaining friendly relations with North Korea, China is intensifying economic exchanges with South Korea, displaying our unique independent foreign policy. This is also attracting attention from other Asian countries.

XINHUA Reports PRC, ROK Meeting

Chinese Version

OW0311020294 Beijing XINHUA Domestic Service in Chinese 1256 GMT 2 Nov 94

[By reporters Qi Deliang (2058 1795 5328) and Tang Shufu (3282 3055 1381)]

[FBIS Translated Text] Pusan, 2 Nov (XINHUA)—At a working breakfast meeting in Seoul this morning, Qian Qichen, Chinese vice premier and foreign minister, and Han Sung-chu, foreign minister of the Republic of Korea [ROK], exchanged views on bilateral relations and on regional and international issues of mutual concern. They were satisfied with the progress in economic cooperation between their two countries, agreeing that Sino-Korean economic cooperation has entered a new stage.

They have reached a common understanding in enhancing bilateral industrial cooperation and agreed on actively helping the airlines of the two countries implement the civil aviation agreement signed by the two sides. They also indicated that they will further explore ways to enhance bilateral cooperation on fisheries.

Commenting on the situation on the Korean peninsula, they welcomed the "framework agreement" on resolving the nuclear issue reached by the Democratic People's Republic of Korea [DPRK] and the United States recently. Han Sung-chu held that the signing of the nuclear agreement was a very good beginning. He said: Facts have shown the definite correctness of the Chinese position on settling the DPRK nuclear issue through dialogue. He expressed the hope that China will continually play a constructive role in maintaining peace and stability on the Korean peninsula.

Qian Qichen said: To maintain peace and stability on the Korean peninsula, it is very important for the DPRK and the ROK to improve their relations. It is impossible to attain detente and progress on the Korean peninsula without reconciliation between the DPRK and the ROK. He hoped that all relevant parties will refrain from doing anything that will increase tension on the peninsula, and that the DPRK and the ROK should resume their dialogue.

Han Sung-chu indicated: The ROK supports China in its bid to restore its legitimate status as a signatory state in

the General Agreement on Tariffs and Trade and become a founding member of the World Trade Organization.

English Version

OW0211135394 Beijing XINHUA in English 1336
GMT 2 Nov 94

[FBIS Transcribed Text] Seoul, November 2 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen and his Republic of Korea (ROK) counterpart, Han Sung-chu, said today that they are satisfied with the progress in economic and trade cooperation between their two countries.

At a breakfast meeting here today, they agreed that the economic cooperation between China and the ROK has entered a new stage, and that the foreign ministries of the two countries would promote industrial cooperation between them.

They also achieved a consensus on helping the airlines of the two countries implement the civil aviation agreement that was signed by the two sides on Tuesday [1 November].

Referring to the situation on the Korean Peninsula, Qian and Han welcomed the framework agreement on the nuclear issue reached by the Democratic People's Republic of Korea (DPRK) and the United States recently.

Han said that the signing of the nuclear agreement is a good start and that the facts have shown the correctness of Chinese position on the settlement of the nuclear issue on the Korean Peninsula through peaceful dialogue.

He expressed the hope that China will continue to play a constructive role in maintaining peace and stability on the Korean Peninsula.

He reiterated the ROK Government's support for China's effort to restore its legitimate status as a signatory state in the General Agreement on Tariffs and Trade (GATT) and become a founding member of the World Trade Organization that will be formed next year.

For his part, Qian said it is very important for the DPRK and the ROK to improve their relations and to maintain peace and stability on the Korean Peninsula.

China hopes that the parties concerned will refrain from doing anything that will increase tension on the Korean Peninsula, he said.

Qian is accompanying Chinese premier Li Peng on a five-day official visit to the ROK, which began on October 31.

CPPCC Chairman Meets ROK Politician Kim Tae-chung

OW0311110994 Beijing XINHUA in English 1026
GMT 3 Nov 94

[FBIS Transcribed Text] Beijing, November 3 (XINHUA)—Li Ruihuan, chairman of the national committee of the Chinese People's Political Consultative

Conference (CPPCC), met here today with Kim Tae-chung, chairman of the Peace Foundation for the Asia-Pacific Region of the Republic of Korea (ROK), and his party.

In a cordial and friendly atmosphere Li said that the relations between China and the ROK, which are close neighbors, have seen a smooth development since the two countries forged diplomatic ties, in accordance with the fundamental interests and aspirations of the two peoples.

Noting that Kim is a well-known statesman in the ROK, Li said that Kim has done a lot for the promotion of Sino-ROK ties. "We appreciate that," he told the former president of the Democratic Party of the ROK.

The CPPCC chairman expressed his belief that Kim's current visit would further push forward Sino-ROK ties.

China needs a peaceful, good-neighborly and harmonious international environment so that it can concentrate on its construction, conduct international cooperation in a better way and study advanced experience from abroad, Li stressed.

To this end, he continued, China insists on conducting peaceful dialogues in handling international affairs and sincerely hopes to enhance friendly and co-operative ties with countries around the world, especially with its neighbors.

Touching on the current situation on the Korean peninsula, Li emphasized that, as a close neighbor, China is very concerned about the situation on the Korean peninsula. "China has all along held that problems should be solved through dialogue, and hopes that the region will maintain its peace and stability."

Kim said he was pleased to see the remarkable achievements China has scored in its economic construction. He also expressed his admiration for China, which has played an important role in maintaining the peace and stability on the Korean peninsula.

Kim, who is on his first visit to China, arrived here Tuesday [1 November] as guest of the Chinese People's Institute of Foreign Affairs.

Beijing-Seoul Direct Flight Suspended

HK0311042094 Hong Kong LIEN HO PAO in Chinese
3 Nov 94 p 10

["Special Dispatch" from Seoul: "Due to Differences of Opinion on Profit Sharing Between Civil Aviation Companies, There Will Be No Direct Flight Between Beijing and Seoul for the Time Being"]

[FBIS Translated Text] Although the issue of inaugurating a direct flight between Beijing and Seoul was resolved in principle upon the official signing of an "aviation agreement" during Mainland Chinese Premier Li Peng's visit to the ROK, the launching of the flight has

been suspended owing to differences of opinion on profit sharing between the civil aviation companies representing the two sides.

It is understood that during the discussion between Korean Air Lines and Korean Asiana Airlines representing the Korean side and Air China representing the Chinese side, on specific operational matters concerning the Beijing-Seoul direct flight, Air China first suggested that the agreed schedule of nine flights per week be cut to six. Then the company proposed that the number of passengers flying with the Chinese and Korean airlines be counted once every six months, and if there are more passengers flying with the Korean carriers than with Air China, then, for the portion of bookings by which the Korean airlines outstrip Air China, the Korean side will retain full proceeds for only 20 percent of the bookings, but for the remaining 80 percent the Korean side will have to pay Air China a 15-percent commission based on the economy class ticket price. The Chinese side's unfair profit sharing scheme made the Korean side very unhappy, so the Koreans decided to suspend the negotiations.

To break the deadlock, ROK Minister of Transportation O Myong met with the director of the Civil Aviation General Administration of China, Chen Guangyi, who is accompanying Li Peng on the current visit to South Korea. After the meeting, both officials expressed "regret" over the postponement of the Seoul-Beijing direct flight which, though of great "political significance," was a decision made by the civil aviation companies of the two sides based on considerations of "operational profits." They agreed to push, through government involvement, for an early inauguration of the direct flight. It is expected that the civil aviation companies representing the two sides will resume negotiations next week, and the direct flight will be officially launched by the end of this month at the earliest or by early December at the latest.

XINHUA Correction to Li Peng-Hwang Nak-chu Meeting

OW0111140294

XINHUA Domestic Service in Chinese supplies the following correction to the item headlined "Li Peng Meets Parliament Speaker", published in the 1 November China DAILY REPORT, page 9:

Column two, second full paragraph, first sentence make read: ...activities. Relations between the Chinese National People's Congress and the ROK National Assembly, like bilateral relations of the two countries in other fields, have continued to...(rewording)

Southeast Asia & Pacific

Malaysian Official Views Trade With China

HK0211125794 Beijing ZHONGGUO XINWEN SHE
in Chinese 0701 GMT 26 Oct 94

[By reporter Zhao Jian (6392 0256): "Interview With a Senior Malaysian Commercial Official Stationed in China: Rapid Sino-Malaysian Trade Growth"]

[FBIS Translated Text] Beijing, 26 Oct (ZHONGGUO XINWEN SHE)—When interviewed by this reporter in the Malaysian Embassy in Beijing, Ghazali Ahmad, Malaysian commercial attache in China, started by saying: It is known to all that Malaysia attaches enormous importance to Sino-Malaysian economic and trade relations, for such relations are conformable to Malaysia's policy of promoting economic and trade contacts with all East Asian countries. He added: Both the Chinese Government and the Malaysian Government have adopted a positive approach to the development of Sino-Malaysian economic and trade relations.

Ghazali Ahmad noted: Since the two countries established diplomatic relations in 1974, the Chinese and Malaysian Governments have signed a series of agreements aimed at promoting economic and trade exchanges between the two countries, including the "Agreement on Avoiding Dual Tariffs," the "Agreement on Bilateral Trade," the "Agreement on Investment Protection," the "Agreement on Ocean Shipping," the "Agreement on Civil Aviation," the "Agreement on Scientific and Technological Cooperation," and so on, of which the "Agreement on the Establishment of a Joint Economic and Trade Commission by the Chinese Government and the Malaysian Government" is of special importance.

Ghazali Ahmad maintained: The above agreements signed by the two countries have not only pushed ahead the bilateral economic and trade development but also strengthened confidence on the part of business people and investors.

Moreover, Malaysia has already lifted restrictions on Malaysian citizens making sightseeing visits to China and Chinese citizens making sightseeing visits to Malaysia, thereby creating conditions for free personnel exchanges as well as trade and investment activities between the two countries.

The Malaysian commercial attache stated: Sino-Malaysian trade has been growing rapidly: The Sino-Malaysian trade volume reached \$1.788 billion in 1993. Statistics released by the Chinese side showed that the Sino-Malaysian trade volume reached \$1.339 billion in the first seven months of this year. If this momentum is sustainable, the bilateral trade volume is expected to top \$2.6 billion in 1994, reaching an all-time high.

Ghazali Ahmad stated: Malaysia is now China's 16th-largest trading partner. I very much hope to see greater Sino-Malaysian trade growth.

At present, Malaysia's main exports to China include plywood, palm oil, crude oil, rolled steel, small household electric appliances, machinery products, electronic products, and so on, while China's main exports to Malaysia include grain products, textiles, vegetables, fruits, animal feed, machinery products, electronic products, and so on.

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Ghazali Ahmad noted: Some products are complementary to each other, indeed. For instance, Malaysia is the largest palm oil exporting country. Rubber is a major Malaysian export to China. He added: Sino-Malaysian trade has great potential. China now plans to import some finished products from Malaysia while Malaysia plans to import certain competitive products from China.

Ghazali Ahmad disclosed: The Malaysian Government is now extremely interested in allowing some large Malaysian corporations to cooperate with China's state-run corporations in producing certain competitive products to be sold on the markets of both countries or to be exported to other countries.

He added: The trade commissions of both countries should conduct necessary research so as to find out what products are suitable for those markets.

Ghazali Ahmad said: While conducting trade with China, a large number of Malaysian investors have invested in various fields in China. He noted: Malaysia is China's neighbor. We are much concerned with China's development and wish to enter China's market.

Of late, some senior Chinese and Malaysian leaders have frequently made reciprocal visits. Malaysian Prime Minister Mahathir has paid two visits to China, one in 1993 and one in 1994. In addition, the Malaysian deputy prime minister, international trade and industry minister, transport minister, primary industries minister, housing and local government minister, and other Malaysian officials have also paid successive visits to China. All of them, Ghazali said, were accompanied on their visits by large contingents of business people and entrepreneurs eager to look for investment opportunities.

Ghazali Ahmad maintained that these visits were quite helpful to closer bilateral relations and faster bilateral trade growth.

The diplomat, who looks very young, went on: Malaysia can cooperate with China in many fields, including public transport facilities, banking and financial services, botanical management, the retail business, and so on. He disclosed: Now more and more Malaysian business people hope to invest in China's bridges, hydropower stations, and other infrastructural facilities.

He stated: Malaysia encourages investors to go to China and welcomes China to invest in its high-tech and high value-added projects.

During the interview, which lasted for nearly an hour, Ghazali Ahmad repeatedly stressed to this reporter: We are very optimistic about the Sino-Malaysian trade and investment growth in the future.

Huang Ju on Visits to Australia, New Zealand

OW0311092894 Shanghai People's Radio Network in Mandarin 2300 GMT 1 Nov 94

[From the "990 Morning News" program]

[FBIS Translated Text] After visiting Australia and New Zealand, Mayor Huang Ju and the Shanghai Municipal Government delegation returned to Shanghai yesterday [1 November]. Shanghai Vice Mayor Xu Kuangdi and others welcomed them at the airport. Mayor Huang Ju was interviewed by reporters at the airport. Huang Ju said: The governments of Australia and New Zealand attached great importance to our visits. New Zealand Prime Minister Jim Bolger, Australian Governor General Bill Hayden, Prime Minister Paul Keating, and ministers of the two countries respectively met and conducted in-depth talks with delegation members. Australian and New Zealand leaders attach great importance to Asia and China. They especially paid attention to and spoke highly of Shanghai. They have adopted a vigorous attitude in promoting cooperation and are confident about the prospects for cooperation.

During the visit, Shanghai and the New Zealand city of Dunedin signed an agreement on establishing sister city ties. Shanghai and the Australian state of Queensland reviewed the progress of their friendship since they established ties five years ago. They studied prospects for cooperation, and drew up a concrete plan for future cooperation.

Qiao Shi Urges New Zealand Expand Trade With China

OW0311124594 Beijing XINHUA in English 1233 GMT 3 Nov 94

[FBIS Transcribed Text] Auckland, November 3 (XINHUA)—A top Chinese leader today urged New Zealand businessmen to work with their Chinese counterparts to develop the economic relations between their two countries.

Qiao Shi, chairman of the Standing Committee of the National People's Congress of China, made the remarks at a reception given in his honor by the Auckland Regional Chamber of Commerce and Industry here this afternoon. Some 100 local business leaders attended the reception.

Qiao said there was a sound basis for economic cooperation between the two countries. "Let us seize the excellent opportunities that exist at present and take our mutually beneficial economic cooperation to a new high, based on equality and mutual benefit," he said.

He noted that with the growth of its economy, the expansion of its program of reform and opening and its closer economic ties with other countries, China will further expand its market in terms of both capacity and size and commodities from New Zealand will enjoy better access to the Chinese market.

On China's economic cooperation with New Zealand, Qiao pointed out that the volume of bilateral trade rose from a few million New Zealand dollars 22 years ago when the two countries established diplomatic relations to 1 billion dollars last year.

Meanwhile, China has set up some 20 joint and wholly-owned businesses in New Zealand, while the island country is now involved in some 50 joint ventures in China.

"Cooperation between our two countries is being further expanded and is tending to develop into new and hi-tech areas," Qiao added.

Referring to China's achievements in reform and opening, the chairman said that China has generated "rapid economic growth and scored remarkable achievements" over the past 16 years, since China began to pursue the policy of reform and opening.

China's GNP was 3 trillion Chinese yuan (about 350 billion U.S. dollars) in 1993, representing a 2.8-fold increase over 1978. Foreign investment in China during the period totaled 63.9 billion U.S. dollars, while the living standards of the people improved significantly.

Qiao went on to express the belief that in the remaining years of this century, the Chinese economy will grow at a fairly rapid rate.

In his welcoming speech, David Truscott, chairman of the Auckland Regional Chamber of Commerce and Industry, described Qiao's visit to his country as "an expression of the strength of the relationship between China and New Zealand."

He noted that New Zealand's exports to China in the past have been mainly limited in agricultural commodities, but now timber products have emerged as a substantial component of the trade.

"New Zealand is keen to see further diversification, to processed products, and a growth in trade in services," he said.

Truscott said his chamber enjoys a growing relationship with its counterparts in China and is planning further visits to China next year to expand bilateral ties.

New Zealand Official Commends PRC's Regional Role

*OW0211143694 Beijing XINHUA in English 1239
GMT 2 Nov 94*

[FBIS Transcribed Text] Wellington, November 2 (XINHUA)—Peter Tapsell, speaker of New Zealand's House of Representatives, said here today that his country has come to appreciate China's role in the Asia-Pacific region and the world as a whole and hopes to develop relations with China in various fields.

During a meeting with Qiao Shi, chairman of the Standing Committee of the National People's Congress (NPC) of China, this afternoon, Tapsell said New Zealand, a small country, has always maintained friendly relations with China. He mentioned in particular the relations between the two countries' parliaments and those in the fields of tourism and trade.

He described Qiao's visit to New Zealand as "a special honor" for his parliament. He mentioned that many of the members of the New Zealand parliament had been to China, where they had been accorded warm hospitality by the NPC.

Qiao said he hoped that his visit to New Zealand "will promote mutual understanding between the two countries."

When asked by Tapsell whether China would be able to maintain its high economic growth rate of recent years, Qiao said that economic, legal and other necessary administrative measures are being adopted to ensure a steady growth rate and avoid serious twists and turns.

After the meeting, Tapsell hosted a dinner in Qiao's honor, at which Tapsell said although China is a big country and New Zealand a small one, his country is willing to maintain the momentum of economic and cultural exchange with China.

Qiao said at the dinner that since China and New Zealand established diplomatic ties 22 years ago, relations between the two countries have developed smoothly.

He added that the Chinese Government appreciates the New Zealand Government's policy of strengthening and developing relations with other countries in the Asia-Pacific region.

He also noted that China has made new headway in promoting ties with countries in the South Pacific and pledged that China would continue to work to boost long-term and stable neighborly relations with these countries.

He pointed out that China supports these countries in their efforts to safeguard their national sovereignty and territorial integrity and to develop the regional economy and promote regional cooperation.

On China's reform and opening, Qiao pointed out that practice shows that reform and opening are the correct road to development for China, as chosen by her people in accordance with the situation in the country. The Chinese people will continue to follow this road with resolve, and this is irreversible, he stressed.

He pointed out that a stable and prosperous China is an important and positive factor in world peace and development, and that China is ready to work together with other countries for a splendid new century.

Near East & South Asia

Accomplishments, Flaws of Casablanca Summit

*OW0311010694 Beijing XINHUA in English 0010
GMT 3 Nov 94*

["News Analysis" by Xia Haitao]

[FBIS Transcribed Text] casablanca, November 2 (XINHUA)—The first Middle East-North Africa economic summit has borne fruits but is not flawless, judging from the "Casablanca Declaration" adopted by the three-day meeting.

The summit went in line with the world trend of peace and development, the two main themes faced by all countries, countries in the Middle East in particular that have suffered a great deal from wars and conflicts in the past half of the century.

With the signing of the Palestinian-Israeli peace accord and the Jordanian-Israeli peace treaty, the partial lifting of the economic boycott of Israel by the Gulf Cooperation Council (GCC) states and the establishment of low-level diplomatic relations between Morocco and Tunisia and Israel, peace horizon has appeared from the Maghreb to the Gulf and from the eastern coast of the Mediterranean to that of the Atlantic.

The summit commended such historic political transformation of the region and stressed the need of obtaining a just, comprehensive and lasting peace based on UN Security Council Resolutions 242 and 338, thus setting the keynote of seeking peace for the summit.

The participants at the meeting also realized that the accomplishments and the next stages of rapid movement toward a comprehensive peace in the region need to be reinforced by solid economic growth and a logical expounding of the relationship between peace and development.

The summit tried hard to point out the ways of economic cooperation and growth in the region—to create a new partnership of business and government and encourage business circles, particularly private sector, to invest in the region.

The participants stressed the urgent need for economic development of the West Bank and the Gaza Strip which requires special attention from the international community, and the equal importance of moving ahead on Jordanian-Israeli projects.

Besides providing the vision that brought the participants to Casablanca, the summit also listed the measures to translate the vision into concrete steps, for example, the creation of a Middle East and North Africa development bank, a regional tourist board and a private sector regional chamber of commerce and business council.

These accomplishments of the summit, however, are not as great as the sponsors of the meeting expected.

The establishment of the Middle East development bank was expected in the meeting but the idea was not realized.

U.S. President Bill Clinton has decided to lend support to the establishment of the bank, but French Foreign Minister Alain Juppe, who left Casablanca immediately after the opening ceremony, said there is no need to set up the bank.

France no doubt dislikes the idea of seeing Uncle Sam from the opposite coast of the Atlantic to come to the Maghreb market.

The root cause that prevented the summit from making bigger accomplishments lies in the fact that the region has not witnessed a just and comprehensive peace.

With the great difficulties in the implementation of the Palestinian-Israeli peace accord and the stalemate of the Syrian-Israeli track of peace talks, it is premature right now for the Middle East countries to form a common market.

West Europe

Finland To Help Xinjiang Improve Road Management

OW0311075194 Beijing XINHUA in English 0649
GMT 3 Nov 94

[FBIS Transcribed Text] Helsinki, November 2 (XINHUA)—Finnish Prime Minister Esko Aho said Finland will help China's Xinjiang Uygur Autonomous Region build and maintain highways more efficiently.

Speaking at a meeting with a Chinese delegation headed by Abdul' Ahat Abdurixit, chairman of the autonomous region, Aho said his country is willing not only to offer Xinjiang its expertise and technologies in highway construction and management but to expand cooperation with the region in other fields as well.

During the meeting, Abdurixit said that Xinjiang's economy has developed rapidly since China adopted a policy of reform and opening up to the outside.

Because nearly 80 percent of goods in the region must be transported through highways, road construction and maintenance are crucial to the region's economy, Abdurixit said.

Finland has a great deal of experience in the field of building and maintaining roads which will be of great value to the region, he added.

The Chinese delegation arrived here on October 31 for a week-long visit at the invitation of the Finnish Transportation Ministry.

Portuguese Envoy Protests Statement on Macao

BR0211140594 Lisbon DIARIO DE NOTICIAS in
Portuguese 31 Oct 94 p 10

[Dispatch by Macao correspondent Gilberto Joao Lopes:
"Portugal Protests"]

[FBIS Translated Text] DIARIO DE NOTICIAS has ascertained that Ambassador Andresen Guimaraes has threatened to "halt negotiations," because Portugal considers it "unacceptable" for the head of the Chinese delegation to suggest that China will not observe the laws in force in the territory in 1999. Tuesday [1 November] Guo Jiading told reporters that the Penal Code "states that before 1999 there will be no death sentence in Macao. After 1999 it is up to the Macao Special Administrative Region to decide on the application of the death sentence."

The Portuguese delegation responded very vehemently to these remarks, "demanding" that Guo Jiading provide explanations at Wednesday's meeting.

The Chinese ambassador apparently claimed that his remarks "were misinterpreted by reporters." Sources close to the linkage group told DIARIO DE NOTICIAS that Guo Jiading acted "irresponsibly," because "he violated national secrets by discussing sensitive issues and made public matters that have never been discussed at the negotiating table." Jiading thus jeopardized the negotiations themselves. "If after 1999 it is up to the Macao Special Administrative Region to decide what is to happen in Macao, then there is no point in the process of consultations." The issue seems to be over the principle of maintaining the laws, not over the powers of the region, to which Guo Jiading apparently intended to refer.

Political & Social

Jiang Zemin Hails Anniversary of Sciences Academy

HK0311090394 Beijing CHINA DAILY in English 2
Nov 94 p 1

[By Wang Yonghong: "Jiang Encourages Top Scientists"]

[FBIS Transcribed Text] Chinese President Jiang Zemin has urged the country's scientists to speed up the reform of China's research and development system and advance into new realms of science and high technology in a bid to catch up with the latest global developments. Jiang made the remarks yesterday at a gathering held in the Great Hall of the People to mark the 45th anniversary of the founding of Chinese Academy of Sciences.

"While enhancing basic scientific research, the academy should cater to the needs of society and economic development and focus on new and advanced sciences and technologies," Jiang said. He stressed that the advancement of science and technology is crucial to the comprehensive strength of the nation, as well as to pace of economic development.

Jiang pledged more efforts and more financial support to speed the advancement of science and technology. He urged the academy to recognize that while economic construction must rely on science and technology, science and technology must be geared to the needs of economic construction. This will help scientific and technological achievements better serve the country's economic growth.

Zhou Guangzhao, president of the Chinese Academy of Sciences, said that as one of the country's highest science bodies, the academy will become a powerhouse, pushing world-class scientific research, training high-level personnel, and promoting the development of high-technology industries.

Zhou revealed that the academy has drafted its development programme for the Ninth Five-year Plan period (1996-2000) and to the year 2010. The priorities for the next decade include 21 focal economic development fields to be served, 89 key talks, and 165 research frontiers or top subjects.

He said the academy would also tap its comprehensive advantages to organize a set of important projects not only significant to the advancement of science and technology but also helpful to the promotion and spread of industry and to sustained social development.

In the past 45 years, and especially in the past decade, the Chinese Academy of Sciences has made remarkable achievements in the fields of computers, automation, photoelectricity, new-tape materials, bio-engineering, and pharmaceuticals.

Great progress has also been made in the investigation of resources, environmental and ecological protection, and regional development and management, which has provided suggestions and a scientific basis for the government's policymaking, said Zhou.

The celebration was attended by more than 700 central government officials, members of the academies of sciences and engineering, and young scientists.

Leaders Write Inscriptions for Cultural Center

OW0211143794 Beijing XINHUA in English 1232
GMT 2 Nov 94

[FBIS Transcribed Text] Beijing, November 2 (XINHUA)—China International Cultural Exchange Center (CICEC), the country's largest semi-official organization in cultural exchanges, hosted a series of concerts and parties recently in Beijing, marking its tenth anniversary.

China's party and government leaders Jiang Zemin, Qiao Shi, Li Lanqing, Ren Jianxin and President of the Chinese Academy of Sciences (CAS) Zhou Guangzhao and President of the Chinese Academy of Social Sciences (CASS) Hu Sheng wrote inscriptions to commemorate its tenth birthday.

Established in July 1984, CICEC has a board of directors consisting of China's most famous artists, writers, social activists and diplomats. Over the past decade, the center has received more than 800 performing art groups from 50 countries and regions totalling 10,000 people.

To date, the center has organized groups of China's elite performing artists and experts in martial arts and qigong or breathing exercises to perform in Russia, the United States, Thailand, the United Arab Emirates, rocking local audience.

Sponsored by the center, China's calligraphy works were displayed for the first time in the Smithsonian National Art Gallery in Washington D.C. from May to July this year.

Meanwhile, the center has sponsored training classes of Chinese cuisine, Peking opera, Chinese calligraphy and China's national dance for foreigners living in Beijing.

Zou Jiahua on Reforming State-Owned Enterprises

OW0211230794 Beijing XINHUA in English 1516
GMT 2 Nov 94

[FBIS Transcribed Text] Beijing, November 2 (XINHUA)—Chinese Vice Premier Zou Jiahua said here today that China will place its emphasis of economic structural reform to the reform of state-owned enterprises next year.

During a national meeting convened by the State Council for making arrangements for establishing a modern enterprise system in some selected units, Zou

urged the government of all levels and the departments concerned to get prepared for the work.

He said that China has adopted many measures to reform the state-run enterprises over the past 15 years and some enterprises have adapted themselves to the new environment.

While the country is shifting from planned economy to market economy, some state-run enterprises have encountered difficulties and problems, which indicate that the present enterprise management system cannot keep up with the pace of the development of the market economy, according to Zou.

The only way out of these enterprises is to conduct reform, he said, and the aim of the reform is to establish a modern management system in large and medium state-run enterprises to revive their vigor and make them compatible with the market economy by the end of this century.

He stressed that a new road should be exploited through making experiment in the selected enterprises, most of which are comparatively efficient and some are in red.

Special attention should be paid to cut the administrative interference from the government in the management of enterprises, according to the vice premier.

He noted that the experiment will mainly be conducted by the enterprises themselves and should rely on workers and managers. The government should not give them favorable treatment because the experiment results should be typical and worth spreading.

Ren Jianxin, Xiao Yang at News Award Ceremony
OW0211135194 Beijing XINHUA Domestic Service in
Chinese 0844 GMT 1 Nov 94

[By reporter Zhou Lixian (0719 4539 2009)]

[FBIS Translated Text] Beijing, 1 Nov (XINHUA)—Today, commendations and awards were showered on a group of outstanding correspondents who specialize in legal topics and issues. Among the recipients were 18 outstanding law correspondents from XINHUA NEWS AGENCY, RENMIN RIBAO, and other central news units; and 145 excellent news articles (items) about the legal system, including a newsletter entitled "Prohibited by National Law."

The First Commendation Meeting for Outstanding Law Correspondents and concurrently the Seventh National Award Ceremony for Excellent Legal News, held under the auspices of the Justice Ministry and the China National Legal Reporters Association, took place in Beijing today. Ren Jianxin, member of the CPC Central Committee Secretariat and secretary of the Central Commission on Politics and Law; Xiao Yang, minister of Justice; and Shu Dehuai, secretary general of the Central Commission on Politics and Law, handed out

awards to outstanding law correspondents and writers of excellent news pieces on legal topics.

At the meeting, Xiao Yao outlined the selection process adopted by the First Commendation Meeting for Outstanding Law Correspondents and concurrently the Seventh National Award Ceremony for Excellent Legal News. He said: Among the 18 excellent law correspondents we selected are middle-aged and young journalists who have given sterling performances in publicizing the legal system in recent years, and comrades who have fought protracted battles on the frontline of legal news reporting but are now holding leading positions. These people have labored hard and have actively contributed to publicizing party and national laws and statutes, and in particular have responded to the call to disseminate legal knowledge. He said: There is still room for expanding our present activities, which are restricted to 12 central news units. In future, selections will be made biannually, and in addition to central news units, participation will be opened to national and local news organizations. We will also strive to improve our appraisal activities. Taking part in the Seventh National Award Ceremony for Excellent Legal News were 128 units whose works, which are of even better quality than those submitted earlier, have produced greater impact than other works. The 145 articles (items) we selected, whose emphasis is on positive propaganda, give the bulk of their attention to propaganda and reports on economic legislation, democratic construction, and improvement of all facets of public order, which are closely linked to the central task of the party and state, and to the administration of all trades and professions according to legal procedures. In particular, they have presented fairly good propaganda and reports on such issues as legislation, judicial affairs, law enforcement, and the system of people's congresses, which have a favorable effect on society.

In his speech, Ren Jianxin hoped the masses of law correspondents would earnestly study the decision adopted by the Fourth Plenary Session of the 14th CPC Central Committee; and uphold and implement the aim of propaganda work, proposed by General Secretary Jiang Zemin, "to arm people with scientific theories, to guide them with correct public opinion, to mold them with noble spirit, and to inspire them with excellent works." He hoped that they would intensify propaganda on laws and statutes on the socialist market economy, increase the volume of information they disseminate, become more service-oriented, persevere in conducting positive propaganda, extensively report on advanced characters and deeds on the judicial and public security fronts, correctly supervise public opinion through the media, evaluate news items with great passion and enthusiasm so as to reflect our party's and government's determination to overcome and solve problems, strictly abide by the rules of news reporting, scrupulously observe professional ethics in journalism, continue to augment their ranks, and vigorously improve the political quality and professional skill among their ranks.

Commentary Calls For Studying Deng's Works

OW0311111994 Shanghai People's Radio Network in Mandarin 2300 GMT 1 Nov 94

[Station commentary: "Earnestly Study the *Selected Works of Deng Xiaoping*"; from the "990 Morning News" program]

[FBIS Translated Text] On the occasion of the first anniversary of the publication of Volume 3 of the *Selected Works of Deng Xiaoping*, the People's Publishing House published and distributed the second edition of Volumes 1 and 2 of the *Selected Works of Deng Xiaoping*. This is a major event in the Chinese people's political life. We must earnestly study and propagate the three volumes of the *Selected Works of Deng Xiaoping*, which form a comprehensive set of Comrade Deng Xiaoping's works.

The three volumes include the major works of Comrade Deng Xiaoping during various historical periods in China's revolution and socialist construction. The works reflect the basic theoretical ideas and policy and strategic thinking of Comrade Deng Xiaoping during a period of over half a century—from the late thirties to the early nineties—developed by integrating the basic tenets of Marxism-Leninism with the practice of China's revolution and construction as well as the features of current trends. They inherit and develop Marxism-Leninism-Mao Zedong Thought.

Volumes 2 and 3 of the *Selected Works of Deng Xiaoping* are works of the new period of socialist construction. They represent the cornerstone of the theory of building socialism with Chinese characteristics, which is Marxism of contemporary China. Reading through the works from Volume 1 to Volume 3 of the *Selected Works of Deng Xiaoping*, particularly Volumes 2 and 3, will help us acquire a deeper understanding of the origin, formation, and development of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, as well as its basic content, fundamental ideas, and spiritual essence. The works are of great significance for carrying out the strategic task of arming the whole party with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, as put forth by the 14th CPC National Congress. In addition, they are important for implementing the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee, for strengthening party building, for unifying the thinking of the party, for persisting firmly in the party's basic line for 100 years, and for winning new victories in socialist reform, opening up, and the modernization drive.

At present, China is in a new period of great changes. Shanghai, as the pace-setter of reform and opening up, is striving to build itself into one of the international economic, trade, and financial centers. In line with the spirit of the CPC Central Committee's decision on studying Volume 3 of the *Selected Works of Deng Xiaoping* and Comrade Jiang Zemin's speech at the

report meeting on studying Volume 3 of the *Selected Works of Deng Xiaoping*, and under the leadership of the Shanghai Municipal CPC Committee, we must carry out, in a broad and deep-going way, a campaign to study Volume 1 - 3 of the *Selected Works of Deng Xiaoping*, and must take the Deng Xiaoping theory on building socialism with Chinese characteristics [deng xiao ping jian she you zhong guo te se she hui zhu yi li lun] as the guide of our work.

New Edition Brings 'Enthusiastic Response'

OW0211154294 Beijing XINHUA in English 1446 GMT 2 Nov 94

[FBIS Transcribed Text] Beijing, November 2 (XINHUA)—The new edition of the First and Second Volumes of Deng Xiaoping's *Selected Works* brought enthusiastic response from people all over the country as the books first hit the stands today.

Long queues were formed in front of all major bookstores in the country's major cities as the freshly published books were on sale this morning.

All together 18 articles are added to the second edition of the First and Second Volumes. Most of these newly-added articles are published for the first time and three written during the period when he was general secretary of the Central Committee of the Communist Party of China.

They reflect fully Deng's important ideas on building a socialism with Chinese characteristics, which were first put forward by the author in the mid-1970's and the early 1980's.

As soon as the XINHUA bookstore in downtown Wangfujing in the Chinese capital city of Beijing opened at 9:00 AM, long lines of eager buyers rushed to the counters for the new books.

"I am eager to read the newly published articles, so I got up at 7:00 this morning to queue," said Liu Shumei with a smile, a saleswoman from a garment store who was the first person that has bought the book.

The XINHUA bookstores in the city had received a book order of more than 19,000 copies for Deng's new edition of works by the end of October. A total 90,000 copies are expected to be on sale in the capital. And more are expected to be prepared by the bookstores.

In Shanghai, China's largest economic and commercial center, a total of 100,000 sets of Deng's books were on sale today in downtown bookstores, with 300,000 sets printed.

In Tianjin, the biggest port city in north China, an official from a bookstore said that 30,000 sets of Deng's books they have purchased are expected to be sold out in one day, since more than two thirds of the books were

ordered in advance by the local organizations and institutions. The city's bookstores had 100,000 copies on sale.

Rong Changhai, a professor with the Tianjin Normal University, who is engaged in theoretical studies on scientific socialism, said today when he bought a set of Deng's books that Tianjin has built three research centers on Deng's theory over the past year.

He added that the publication of the new edition of Deng's works is of great significance to the researchers on building a socialist market economy.

In the booming coastal city of Guangzhou, south China, the study of Deng's theory has been surging and there is still a great need for the Third Volume of Deng's Selected Works [Volume 3 of *Selected Works of Deng Xiaoping*], according to officials from the municipal press and publication bureau.

They said that nearly 400,000 sets of the Deng's Third Volume have been sold and an estimated 500,000 sets of the new edition of the first and second volumes are expected to be sold.

An old man from the Guangzhou Petroleum Corporation bought five sets of Deng's books of the new edition for his colleagues, adding that to invigorate economy, efforts should be redoubled to study Deng's theory.

NPC To Legislate on Nuclear Safety

HK0311043094 Beijing ZHONGGUO XINWEN SHE
in English 0853 GMT 2 Nov 94

[FBIS Transcribed Text] Beijing, November 2 (CNS)—Deputy director of the State Science and Technology Commission and Director of the National Nuclear Safety Administration, Mr. Huang Qitao, at a ceremony of celebrating the tenth anniversary of the Administration, pointed out that after ten years' efforts, supervision and management over nuclear safety in China had been put onto the path of legislation.

As an important law on peaceful use of nuclear energy, the Atomic Energy Law will be soon submitted to the Standing Committee of the National People's Congress (NPC) for examination and deliberation.

The State Council, the cabinet of China, has, since 1986, promulgated three ordinances on administration of nuclear safety including the Ordinance on Supervision and Management over Safety on Civil Nuclear Facilities, the Ordinance on Control of Nuclear Materials and the Ordinance on Emergency Treatment of Nuclear Incidents in Nuclear Power Plants. Meanwhile, the National Nuclear Safety Administration, together with relevant departments, has also issued sixteen detailed rules and regulations for safely using nuclear energy. The Administration has, in addition, formulated thirty guiding regulations and a batch of technical documents on nuclear safety. There are also nineteen regulations of its kind under formulation or awaiting to be issued.

The deputy director pointed out that laws and regulations on nuclear safety have basically been all in readiness and most of them have come into effect in China. Some of them are now being amended through absorbing international experiences. Other laws and regulations on nuclear materials, nuclear reactors for scientific research purposes and nuclear-bearing equipment are also under formulation and improvement. All these have indicated that supervision and management over nuclear safety has been put onto the path of legislation in the country.

RENMIN RIBAO on Cadre Recruitment Reform

HK0311060694 Beijing RENMIN RIBAO in Chinese
21 Oct 94 p 5

["Seriously Study and Implement the Decision of the Fourth CPC Plenary Session" column article by Zheng Shekui (6774 4357 1145): "Expedite Reform of the Cadre Personnel System, Do a Good Job in Building the System for Selecting and Appointing Party and Government Leading Cadres"]

[FBIS Translated Text] Leading party and government cadres are the organizers and commanders of our country's reform, opening up, and economic construction; they are our backbone force for building socialism with Chinese characteristics. "Training and selecting leading cadres who have integrity and ability is an important issue which has a bearing on the overall situation." Comrade Deng Xiaoping once profoundly pointed out: "A correct political line must be guaranteed by a correct organizational line. Speaking in a certain sense, whether affairs in China can be run well, whether socialism and reform and opening up can be upheld, whether the economy can develop faster, and whether the country can enjoy long-term rule and stability, depend on people." To do a good job in selecting and appointing leading party and government cadres, it is necessary to expedite reform of the major systems, such as the system of selecting and appointing leading party and government cadres, and to establish a cadre personnel system which suits the characteristics and needs of socialist market economy.

First, in a certain sense, socialist market economy is an economy of laws and institutions. Rule of law is its internal requirement as well as component part, and it demands not only standardized economic behavior and orderly economic development but also the shifting of cadre personnel work toward the track of institutionalization and legalization, so that the work can be managed according to law.

Second, a socialist market economic system enables the market, under the state's macroeconomic regulation and control, to play a basic role in the arrangement of resources (including human resources), and to realize a reasonable arrangement of various resources and an optimal combination of various factors contributing to productive forces; its characteristics are competitiveness, openness, equality, and selection of the best. This

determines that the cadre personnel system, which corresponds to it, should follow the principle of "openness, equality, competition, and selection of the best," to form effective mechanisms characterized by fierce competition, survival of the fittest, and guarantee of fairness.

Third, the establishment and development of a socialist market economic system is, in terms of the goal of political system reform, a requirement for rapidly building socialist democratic politics, and the establishment of a reasonable cadre personnel system is undoubtedly one of the important components of building socialist democratic politics. Therefore, establishment and development of a socialist market economic system also requires us to further give full play to democracy on the issue of selection and appointment of leading party and government cadres, to follow the mass line, and to have broad participation, openness in selection, and supervision by the masses.

Here we can see that the establishment and development of a socialist market economic system requires the emergence of a corresponding cadre personnel system. However, China's current cadre personnel system was an outcome of the planned economy system which was highly centralized and unified; it once played a positive role under past historic conditions, but as the objective situation evolved, its limitations and inability to adapt to the actual situation became increasingly obvious, and under this system, selection and appointment of leading party and government cadres was somewhat confined to the framework of "selection from among a small number of people, and selection by a small number of people." The channel for selecting and appointing personnel was unitary and narrow, and the perspective for knowing and recognizing personnel was not broad enough.

To adapt to the developing situation and do a good job in selecting and appointing leading party and government cadres, we must expedite reform of the cadre personnel system, expand democracy, improve examination and assessment, promote exchange, strengthen supervision, and gradually establish vivid and vigorous appointment mechanisms that enable outstanding personnel to stand above others.

First, we should further earnestly expand democracy when selecting and appointing leading party and government cadres. We must uphold the criterion of "public discussion." Before deciding on a selection and appointment, there must be an opinion poll and democratic recommendation, or a person sent by the senior level to extensively solicit opinions from various quarters; a person who is not supported by a majority of the people should not be considered for selection and appointment. At the same time, serious efforts must be made to organize inspections, and party committees must discuss matters and make decisions collectively, and refrain from the practice whereby decisions are made by a single person.

Second, we should further perfect the system of assessing leading party and government cadres, linking it to the

system of awards and punishments. We should thoroughly assess the morality, ability, diligence, and work results of the selected and appointed leading party and government cadres, using actual work results as the main content for assessment and integration of leaders with the masses as the main assessment method. For this purpose, we must establish a strict and scientific system of assessing and evaluating actual work results, to assess the conditions of accomplishment of goals and responsibilities by the selected and appointed leading party and government cadres. The good should be commended, and the outstanding should be selected for promotion. For those who fail to complete their duties, a yellow card warning will be given in the first year, and demotion will follow in the second year. We must continue to uphold the system of assessing leading party and government cadres in a democratic way, and use the assessment result as an important referent for giving awards or punishments to cadres; we must make earnest efforts to make able persons advance, average persons yield, and incapable persons leave.

Third, we must further seriously promote the system of exchanging leading party and government cadres, linking it to the system of avoidance and the system of tenure in the leading group. Practice proves that carrying out exchanges in using selected and appointed leading party and government cadres is a successful effort to reform the cadre personnel system, and that it is also an effective method to improve the quality of the selected and appointed leading cadres. Through this method, we may enable leading cadres to undergo tests in various environments and improve themselves, so that they can upgrade their ability to deal with emergencies, foster an adventurous spirit, increase their knowledge and strength, thoroughly improve their political and professional qualities, and cast off hindrances from various nets of relations. For this reason, we must increase the weight of exchange on the basis of correctly handling the exchange and stabilizing relations.

Fourth, we should earnestly strengthen supervision of the work done by the selected and appointed leading party and government cadres and resolutely prevent and correct the unhealthy appointment practices. For this purpose, when selecting, appointing, and promoting cadres, we must do so resolutely according to their merits, and be fair, just, and above board. We must staunchly adhere to the "10 prohibitions": First, it is forbidden to trade on party principles and offer official posts and make lavish promises; second, it is forbidden to act according to what one likes and dislikes, to make an appointment on the basis of personal feelings, or by asking whether the appointee can benefit oneself; third, it is forbidden to draw a line by looking at relations, favoring those who have relations and rejecting those who have none, and forming "small cliques"; fourth, it is forbidden to use one's power to arrange posts for one's proteges, thereby developing one's own influence; fifth, it is forbidden to seek special considerations for one's own children, relatives, or aides regarding the promotion

of cadres in violation of regulations and systems; sixth, it is forbidden to randomly promote and appoint cadres in violation of regulations and procedures; seventh, it is forbidden to allow a single person or a small number of persons to make final decisions, or to offer motions at any moment, or to randomly make amendments to or veto decisions that have been made collectively; eighth, it is forbidden to reveal discussions by party committees or organs and party personnel departments on the appointment and dismissal of cadres; ninth, it is forbidden to tolerate or accommodate persons who seek or ask for official posts, lobby for them, write notes for them, or say hello for them; and 10th, it is forbidden to accept gifts, money, or securities from any person. Meanwhile, we must establish a system of responsibility relating to inspection and assessment, as well as a system of inspection and supervision of organizational and personnel work supported by various departments, to enable supervision work to be truly implemented.

Central Authorities Want More Young Cadres

HK0311070894 Beijing JINGJI RIBAO in Chinese 16
Oct 94 p 1

[By the Central Committee Organization Department Research Office: "A Sense of Urgency Is Required in Selecting and Promoting Young Cadres"]

[FBIS Translated Text] Ever since the Third Plenary Session of the 11th CPC Central Committee, party organs at all levels have, under the Central Committee's leadership, selected and promoted over 300,000 young and distinguished cadres to various party and government leadership posts, based on their professional qualifications and political integrity. This has improved the structure of leading groups and strengthened leadership on all fronts. The world-renowned achievements scored by the reforms, opening up, and socialist modernization over the last 10 years or so owe much to the work of leading cadres of the younger generation. However, does this mean that such an important issue as selecting and promoting young cadres has been satisfactorily resolved? We are afraid we cannot say this. As Comrade Deng Xiaoping stressed on his southern inspection tour in 1992: We must select people. After we find the right people, we must help and groom them so that more young people will be brought along. This is a problem we are facing now; it has not been resolved satisfactorily, but I hope it will be.

Given the current complicated international situation, we have the extremely arduous tasks on our hands of achieving our "three-step development" strategic objective for our national economy and building a socialist market economic system. At this critical juncture between the end of this century and the beginning of the next, we must uphold the party's basic line, keeping it unchanged for the next 100 years and ensure that the course of socialism with Chinese characteristics is pursued by the following generations. Therefore, without

doubt it is a very urgent and important task for all party organs at all levels to vigorously select and promote young and distinguished cadres, especially those in their 30's and 40's, to leadership posts and develop professionally and politically a large number of cadres into a backbone of talent capable of meeting the challenges of the next century and handling leadership work.

One outstanding problem in selecting and promoting young cadres is the lack of a sense of urgency among a certain number of leading comrades. Some leading cadres think that they are not old and, because they are university-educated, that they are still able to make ends meet. They are not anxious to pay serious attention to promoting young cadres. The main reason for such thinking is that these leading cadres have not approached the problem strategically and with the overall situation in mind; the perspective from which they looked at the problem was not sufficiently penetrating. If we have seriously studied the third volume of the *Selected Works of Deng Xiaoping*, we will have discovered that Comrade Deng Xiaoping has talked about and worked on selecting and promoted young cadres for over a decade. He has always linked guaranteeing the party's ruling status and the country's long-term peace and order with the vigorous effort to select and promote young cadres to leadership positions. He repeatedly stressed that a correct political line depends on a correct organizational line for survival. "When we talk about the party's basic line remaining in place for the next 100 years, then this is the thing we are going to rely on. This is the thing that will really impinge on the entire situation." Judging from the current situation, a reasonable age ladder forming a successor pool is still absent in a large part of leadership groups; more seriously, major leading party and government comrades tend to be advanced in age and do not have obvious candidates to succeed them. If we do not step up the efforts to select talented and young cadres, by the end of this century or early in the next century, we will find ourselves with no successors.

As the socialist market economic system is gradually taking shape, new demands are being made on the scientific training and educational standard of leading cadres. We urgently need a large number of leading cadres with knowledge in modern management, macro-economic affairs, law, banking, international economics, and foreign trade, particularly those with skills in steering the socialist market economic system. The structure of leadership groups also needs to be adjusted and renewed. Party organs and leading cadres at all levels must study the farsighted vision and insights of Deng Xiaoping and other proletarian revolutionaries of the older generation, make the selection and promotion of young cadres their first political responsibility, and pursue it with initiative and a high sense of responsibility for the future of the party and the country.

There are some ideological obstacles which we must overcome in pursuing the task of selecting and promoting young cadres. Some people think that old comrades are politically mature and experienced and able to keep the situation under control and they dare not employ young cadres. Young people are always less experienced; but they will be old by the time we promote them when they are as experienced as old cadres. We should put them in the same age groups and pick the outstanding among them. As long as their basic qualities are fine, we should look more at the strength and growth potential of young cadres. If we consider only the demands of current work and promote only comrades advanced in age, young cadres can never move up the hierarchy and we can never maintain the vitality of leadership groups. As an ancient saying puts it: "The way to tap talent is to use a person when he is young, energetic, and alert in mind." The growth of talent is very much time-restricted; if they are passed up in their few years of prime, a whole generation of human resources will have been wasted. Young cadres should be promoted in their prime. But in real life, what often happens is that young and professionally and politically able cadres who should be promoted are made to wait in line. After a few years, when they are wanted, their sideburns are white and their best years behind them. Still some other people think that comrades advanced in age should be given something as they are nearing the "terminal," while young people still have many promotion opportunities ahead of them. Under this thinking of balanced and fair treatment, some young and distinguished cadres can only remain at the bottom. Also, disunity among leadership groups, particularly among chief leading cadres, often results in divergent views on candidate cadres, in which case some cadres would insist on objecting to candidates proposed by another camp. In this situation, it becomes hard to promote distinguished talent. All leading cadres, especially comrades with key leadership portfolios, must get the following clear in their thinking: That choosing the wrong person, as well as failure to promote the right talent, is a mistake which in the long term will greatly harm the course of the party and the people and become a historical mistake.

It should be observed that conditions for promoting and selecting young cadres now are much better than those in 1982, the year of bureaucratic reforms. A group of politically loyal and educated young cadres, knowledgeable in economics and management and somewhat experienced in leadership, have now been working in posts in leadership groups for a number, or decades, of years in districts, counties, townships, and large and medium enterprises. Today, 40 percent of the country's 35 million cadres are under 35 years old and 59 percent of all county-level party and government leaders are under 45. So we can see that the human resources are there, allowing us a relatively large amount room in selecting and promoting young cadres. The key to the problem lies with leading cadres of all ranks and, chiefly, with leading cadres at the provincial and prefectural levels. This is

especially true with chief party and government leading comrades. If they further boost the sense of urgency and responsibility, improve their understanding, and make up their minds in selecting and promoting young cadres, the job will be done well. Experiences in the past and recent successes in provinces and cities teach us that the main thing in improving the age structure of leadership groups is to establish concrete and mandatory requirements, while avoiding uniform and indiscriminatory measures. Leadership groups which have not yet fulfilled the required number of promotions must promptly do so, though they may leave the positions open if they cannot find the right candidates. Localities not having the right candidates may request transfers of personnel from other localities. At present, the leadership at the provincial and ministerial levels need more cadres in their mid-40's and under the age of 50, prefectural and city party groups around 40, and county and city party groups around 35. We must ensure that brilliant and able young cadres with good qualities, good moral character, and strong ability in their 30's and 40's are promoted promptly to party and government leadership groups above the county level. Those exceptionally brilliant can be promoted not according to set rules so that they can exercise their talent. We must have the necessary boldness and courage, otherwise new talent cannot be moved up.

The earlier cadres are put in positions of responsibility the earlier they mature and the later we do this the later they become mature; worse, they may never grow into maturity. This is a well-known law of cadre development. Comrade Deng Xiaoping said: "Only when we boldly put people into responsible positions can people develop their talent." We must select and promote them in a planned fashion to relatively trying and difficult places and positions and allow them to take charge of key projects and handle contingencies. In particular, we must put exceptionally brilliant young cadres with growth potential into leadership positions. In summary, we must let young cadres be in responsible positions, let them make decisions and prove themselves in actual administrative work, and let them mature quickly, so that they can become qualified talent and able to meet the challenges of the next century.

Article Urges Youths To Enhance Party Spirit

OW0311051294 Beijing XINHUA Domestic Service in Chinese 0818 GMT 1 Nov 94

[FBIS Translated Text] Beijing, 1 Nov (XINHUA)—The 11th issue of the journal ZHONGGUO QINGNIAN [CHINESE YOUTHS], which was published today, carried an article by Ji Bingxuan, member of the Secretariat of the Communist Youth League [CYL] Central Committee, entitled: "The Task Is Heavy and the Road Is Long; Work in a Down-to-Earth Way." The article calls on young cadres, especially leading CYL cadres at all levels, to diligently study the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee,

and to strengthen the principle of party spirit in the great practice of reform and construction, so as to continuously improve their quality and to live up to the call of our times and history, the heavy trust of the party, and the ardent expectations of the people.

The article says: Our times call for talented people, while talented people need training and education. In carrying out the strategic task of development toward the next century, we should train and educate a contingent of young cadres with political integrity and ability. CYL organizations at all levels are duty-bound to constantly transfuse new blood into the party by recommending outstanding members as prospective party members; and to lead the young and dynamic contingent of reserve cadres to undertake the tests given by the party in the great practice of building socialism with Chinese characteristics.

The article says: One cannot proclaim himself talented. Without real talent, one simply cannot imagine, feel, or have the confidence in carrying out a heavy task. Whether one can be trusted by the masses and leaders, can perform his job well, and can carry out a difficult task depends on whether he has the real talent and practical experience. The future of the transcentury undertaking is magnificent. However, to accomplish the magnificent undertaking, the task is heavy and the road is long. The only correct choice is by working in a down-to-earth way, carrying out more solid work, and doing things one at a time. Likewise, cadres are to be trained in a down-to-earth way so that they can make steady and solid progress in the practice of reform and opening up. Hence, our cadres are required to comply with the following:

—Always bearing in mind the masses. In viewing issues, carrying out work, and making policy decisions, it is necessary to base understanding and judgment on the interests of the masses of working people; and to stand for the majority of working people who are engaged in productive labor, nor for a small handful of people who consume. To serve the people heart and soul is the fundamental goal of our party as well as the CYL. Party cadres are the people's public servants; and so are CYL cadres who are the public servants of young people in particular. It is necessary to do everything for the people, and to rely on the people for everything, trusting the people forever and do everything to benefit the people. These ideas should be deeply rooted in our hearts. So long as we always bear in mind the masses, the people will trust and support us. As CYL cadres, we should serve youths sincerely under the general premise of serving the people. Through serving the people, we should further harness and give rein to the initiative and creativity of the vast CYL members to enhance the cohesiveness and combat ability of CYL organizations and to raise our political and ideological awareness.

—Firmly fostering the overall concept. Building socialism with Chinese characteristics is a great and

yet arduous systems engineering project whose success hinges upon the unity and hard work of people inside and outside the party throughout the country and in all trades and professions. A leading cadre must have the general interest at heart; must consciously value the interests of the party and the people above everything else; and must correctly handle the relations between individuals and collectives, and between local and overall interests; ensuring that individual and local interests are always subordinate to collective and overall interests. The overall concept and awareness is one of the major criteria for judging whether a leading cadre is politically mature, as well as a concrete manifestation of the strength or weakness in party spirit of a leading cadre. A cadre devoid of the overall concept and awareness, seeking the interests of small groups, and thinking about personal gains and losses not only does not have a future, but also fails to live up to the standard.

—Always persisting in doing solid work. Sincerely solving practical problems for the broad masses of people should be the starting point and the goal of the CYL's work. Building socialism with Chinese characteristics is not a sweet slogan; it must be translated into concrete action. Only by starting from doing solid work step by step to enable the masses to see and feel concrete benefits will it be possible to win their trust and support. In doing solid work, CYL cadres should firmly foster the idea of putting the grass roots first; should constantly give top priority to building up, invigorating, and serving the grass roots; and should take the initiative to solve difficult problems for the masses. CYL cadres should periodically go down to the grass roots to conduct investigation and study, and to listen to opinions from all quarters, in order to promptly identify new circumstances and contradictions and solve difficult problems cropping up at the grass roots in the process of establishing a socialist market economy. CYL cadres should do solid work for CYL members and young people, helping them to shake off poverty and become well off and to grow up healthily, and showing them the way to perform meritorious services for the cause of socialist modernization. The CYL should focus its work on important issues which are discussed most extensively by the vast number of youths and which are of universal concern among young people; and should concentrate efforts to solve practical problems having a bearing on the fundamental interests of the overwhelming majority of youths.

—Vigorously propagating the pioneering spirit. The cross-century generation of young cadres will shoulder heavy responsibility in the next century. The call of the times and history demands that this generation of young cadres must make pioneers' sacrifice and must dedicate their heart and soul to the great practice of building socialism with Chinese characteristics. The 64-character pioneering spirit put forward by General Secretary Jiang Zemin—"emancipating the mind,

seeking truth from facts, actively exploring new ways, daring to innovate, working hard, pressing forward in the face of difficulties, learning from foreign countries, constantly improving ourselves, being modest and prudent, guarding against arrogance and impatience, working together as one, keeping national interests in mind, being diligent and frugal, being upright and honest, working vigorously to make the country prosperous, and serving selflessly"—has inherited our party's glorious tradition and the Chinese nation's fine qualities while adding the new connotation of the special features of our times. It is the pioneering spirit of China's reform, opening up, and modernization drive in the new era. Young cadres should march in the vanguard of the times and should regard making pioneers' sacrifice as our spiritual pursuit, not only taking the initiative to make sacrifices but also vigorously advocate the pioneering spirit among the masses of young people so that the spirit can become the prevailing trend, the concrete expression of patriotism, and the theme of our times.

The article also urges young cadres to step up study and truly raise their awareness of self-discipline at all times.

New Coordination Group To Eradicate Illiteracy

HK0311042894 Beijing ZHONGGUO XINWEN SHE
in English 1353 GMT 2 Nov 94

[FBIS Transcribed Text] Beijing, November 2 (CNS)—The coordination group of the national work of wiping out illiteracy is declared to be established here today. It is composed of 11 departments such as the Propaganda Department under the Central Committee of the Communist Party of China and the State Education Commission. Mr. Zhu Kaixuan, minister of the State Education Commission, is appointed the director of group. Vice-premier Li Lanqing, who left Beijing on his official visit abroad yesterday, delivered a written speech for the establishment of the group.

Mr. Li said in the written speech that Chinese Government had all along emphasized on the work of wiping out illiteracy. The national meeting on educational work held this year gave top priority to the work of wiping out illiteracy. He said that importance and urgency of wiping out illiteracy should be fully realized, wiping out illiteracy and enhancing national educational level were important guarantee for the Chinese nation to stand up in the world. China was facing arduous task of wiping out illiteracy, so the role of the group must be brought into full play and guidance and inspection on the work of wiping out illiteracy should be strengthened.

Vice-minister of the State Education Commission, Mr. Wang Mingda, gave a brief introduction to the situation of wiping out illiteracy. Jilin Province was awarded the prize of RMB [renminbi] one million for its achievement in basically enabling illiterate teenagers and adults in the province to be able to read and write. Mr. Wang said

great achievements had been made in wiping out illiteracy in 45 years after the foundation of new China. A number of 185 million illiterates have acquired ability of reading and writing. The illiteracy rate fell to 12.5 percent up from over 80 percent in early fifties. The illiteracy rate among youngsters and adults above 15 years of age who had been born after 1949 fell to 7 percent. According to the survey made by the State Education Commission, Beijing, Tianjin, Shanghai, Jilin and Heilongjiang had basically wiped out illiteracy among youngsters and adults. However, China still got a large number of illiterates with illiterates above 15 years of age being 150 million and of which, young illiterates numbering 35 million. Besides, about over one million new illiterates were produced every year. These illiterates were mainly distributed in poverty-stricken, remote and ethnic areas, more than 70 percent of them were women.

Mr. Wang said the goal set by the state in wiping out illiteracy was to strive to enable 4 million illiterates to be able to read and write within 90s, and to reduce illiteracy rate of youngsters and adults to below 5 percent in 90 percent of regions in China by the end of this century.

Three HK Residents Said in Mainland Jails for Spying

HK0311053094 Hong Kong SOUTH CHINA
MORNING POST in English 3 Nov 94 p 13

[By Daniel Kwan]

[FBIS Transcribed Text] At least three Hong Kong residents are believed to be in jail in China on espionage charges, according to sources in the human rights community. The three men, including a 79-year-old, are believed to be serving long sentences in prisons in Guangdong and Shanghai.

The Chinese Government has given the Hong Kong authorities very little information on their conditions, although at least one appeared on a prisoners' list presented by Prime Minister John Major to the Chinese leaders when he visited China three years ago.

Among the three, Ng Kwai-kong, 79, will have completed his five-year term at the Shaoguan prison a year from today. Ng was detained on November 3, 1990 for allegedly spying for the Kuomintang Government in Taiwan. He was subsequently tried and sentenced by the Shaoguan Intermediate People's Court in April 1991.

The Hong Kong Government has pressed Guangdong for information concerning Ng for years, but was only informed by a Hong Kong-based human rights activist last week that Ng was still alive and was kept at the Shaoguan prison in Guangdong. Ng was accused of receiving a commission from the Taiwanese secret service and had formed a ring with his daughter, Wu Sulian, and her husband, Liu Guozhen, to solicit intelligence for the Taiwan Government. Liu was an official of Shaoguan Bureau of Mines.

Both Wu and Liu had been arrested and sentenced but their jail terms were not known. Ng was originally kept at the Shaoguan Detention Centre and was transferred to the Shaoguan Prison on July 3, 1991.

Another two Hong Kong residents believed to be in jail in China are Qin Hanbiao and Zhou Guoji.

Originally a peasant from Huangpu District, Qin emigrated to Hong Kong in 1979. He was sentenced to life imprisonment for espionage in September 1983 together with a Guangzhou resident called Qin Yaochi.

Zhou, 63, was sentenced by the Shanghai Intermediate People's Court in 1987 to 15 years in jail, also for espionage.

Hong Kong legislator Dr Huang Chen-ya yesterday expressed concern that the future special administrative region government in Hong Kong would have difficulty in obtaining information about Hong Kong people jailed in China.

Article on Roots of Crimes by Migrant Workers

HK0311070494 Beijing GUANGMING RIBAO in Chinese 5 Oct 94 p 5

[Article by Bi Shuqi (3968 1659 3825) and Xu Song (1776 2646) of the Research Office of Beijing Municipal Public Security Bureau: "Factors in Social Environment Contributing To Increase in Crime Committed by Migrant Laborers"]

[FBIS Translated Text] Recent years have seen a steady rise in the percentage of crimes committed by migrants in terms of all recorded crimes in the large and medium-sized cities and the coastal cities. According to statistics, the percentages are 43 percent in Beijing, 53 percent in Shanghai, 50 percent in Guangzhou, and a high 97 percent in Shenzhen. Moreover, the guilty migrants are mostly rural migrants relocating to the cities. In Beijing, crimes committed by migrants from rural backgrounds account for over 70 percent of all those committed by migrants, and peasants account for 61.7 percent of all criminal offenders arrested by the Shijiazhuang City public security authorities. When studying the problem of the rising crime rate among rural migrants, we must not just look at the crime itself, but should study factors in the social environment that contribute to the increase in crime, and we should mobilize all forces in society in an effort for a comprehensive improvement of public security.

The rising crime rate among rural migrants is directly connected to the weakening of the rural population management mechanism, the aimless floating of redundant labor, and the consequent flow of many people guilty of previous misdeeds from rural areas into the cities as potential offenders along with the exodus of migrant laborers. Apart from the demographic registration and statistical system, the rest of the traditional rural population management mechanism is no longer

suited to the large-scale population flows caused by the hidden unemployment of rural labor. The causes of the weakening of the rural population management mechanism are manifold. First, the contract responsibility system with remuneration linked to output has broken the pattern of collective work and weakened interpersonal understanding and mutual constraints, whereby the rural security protection apparatus has partially lost its function, constraints on the population have diminished or weakened, and the direction of the flow of surplus labor has gone out of control. Second, there is a serious shortage of staff in rural police substations. Each policeman in charge of a zone has to take care of thousands of people who are scattered in different villages. This and the increase in nonpolicing activities have objectively affected the management of the population, making rural population management a weak nexus in overall population management. Third, some localities seek economic interests to the neglect of social management. They think the flow of surplus rural labor to the cities can bring significant economic benefits, therefore, they are neglecting management of this population. Strengthening the rural population management mechanism not only has a bearing on the effectiveness of population management by public security authorities, but is also a basic measure to curb the increase in crimes committed by migrants in large and medium-sized cities and the coastal cities. It is necessary to reform the management mechanism in accordance with the status quo of the rural population, adjust the function of the rural public security committees, give play to the advantages of public security committees as a direct participant in population management, and strictly carry out procedures concerning the issuance of resident identity cards and change of domicile. When seeking employment elsewhere, surplus laborers should carry their ID cards and population management organizations should know roughly where they are going.

The distinction between town and country is also a root cause of the flow of rural surplus labor toward the cities, leading to law-breaking and criminal behavior. Fundamentally, the flow of the rural population into the big cities is driven by the benefits generated by the town-country distinction. The degree of the distinction between town and country has a positive correlation with the degree of population flow. The difference in annual per-capita income between town and country was 229 yuan in 1978, 1,004 yuan in 1991, and 1,424 yuan in 1993, and the gap is ever widening. In 1993, per-capita living expenditure income among urban residents nationwide was 10.2 percent higher than the previous year, while the increase of per-capita net income among peasants was 3.2 percent, eight percentage points lower than the former. Therefore, since 1978, the influx of migrants into the cities has been steadily aggravated. The main problem caused by the distinction between town and country to rural migrants trying to adapt to urban life is psychological trauma. Entry to the city for peasants is not just a geographical relocation or a change of

labor mode: It is also a cultural shock and a drastic change in their mode of survival. If they are not well adapted to this change, they often develop behavioral disorders. In the process of migration, they lose touch with the environment they are used to and experience an interruption of the normal process of education in ethics and socialization. Lack of foresight and impermanence make it hard for them to get a steady job and a stable living environment, therefore, they are unable to play a normal role in society or receive recognition from society. Under such circumstances, they feel lost and psychologically unbalanced and are very susceptible to negative influences, which result in deviation from moral constraints and social codes of behavior, law-breaking, and criminal behavior. Narrowing the gap between town and country is a long-term task and cannot be achieved overnight. Nevertheless, it is perfectly feasible to have relevant departments explain the reality of the distinction between town and county and to help peasants migrating into cities overcome the problems caused by such distinctions.

Discrimination against rural migrants in the cities is another cause of the rising crime rate among them. First, rural migrants swarming blindly into the cities cannot enjoy the subsidies and social welfare benefits enjoyed by urban residents, and they have no fixed domicile or steady employment and live in difficult circumstances. Some of them may "develop thieving intentions for want of food or shelter." Secondly, sometimes the legitimate rights and interests of rural migrants are not protected. For over 40 years since the founding of New China, all policies regarding the employment of labor made by the Ministry of Labor have been mostly concerned with urban areas. And this is basically true with all the rules and regulations formulated by labor departments at all levels. The lack of legal protection for the legitimate rights and interests of rural migrants in urban areas is rather serious. Thirdly, some city people blame the difficulties caused by the influx of rural migrants on the migrants themselves. They discriminate against and bully rural migrants, which breeds hostility in the latter toward urban civilization and antisocial sentiments. The social phenomenon of disregarding and discriminating against rural migrants has seriously wounded their pride. As a result, some of them may choose to retaliate. Some criminals among the rural migrants not only murder for money, but also frenziedly sabotage urban facilities. In 1992, nearly 10,000 iron fences at sewer inlets and over 1,000 well lids were stolen in Beijing, and many bus stop signs also disappeared. Much work needs to be done to redress the phenomenon of neglecting and discriminating against rural migrants. The urban security system and labor protection departments should cater to the actual situation regarding the exodus of rural migrants into cities and maximize the protection of their legitimate rights and interests. Urban residents, on the other hand, should also respect rural migrants and understand that no one is a natural urban inhabitant. They should help rural migrants adapt to the rhythm of city life more

quickly and prevent the creation of mental segregation between urban people and rural people.

The urban social supervisory mechanism has room for improvement. The timely establishment and improvement of a mechanism of social supervision of rural migrants is of great significance in curbing the increase in the crime rate among rural migrants. Currently, there are three reasons why the urban mechanism of social supervision of rural migrants is inadequately developed. The first reason is that legislation does not suit the situation and laws and regulations are not complete and good enough. Governments of many cities have promulgated regulations on residence registration management for temporary residents, and functional departments subordinate to the governments, such as public security, industrial and commercial, and housing management authorities, have been implementing the specific provisions of such regulations. However, on the whole, laws and regulations formulated in the mid-1980's no longer suit the stronger influx of migrants into the cities since 1992.

The second reason is that law-enforcement departments do not have clearly defined responsibilities and law enforcement is not accurately targeted. The management of rural migrants involves a dozen functional departments, including industrial and commercial, taxation, labor, construction, environment, public health, and public security departments. In name, all departments are supposed to participate in a joint effort with the government taking the lead, but in reality management responsibilities are not clearly divided.

The third reason is that controls over rented accommodations taken up by rural migrants is very weak and full of loopholes. Because of the nature of their work, the security management authorities, when handling cases involving rented accommodation, can only sort out the tenants, but find it hard to do anything about the landlords. As a result, the objective of treating both the root and the symptom cannot be achieved. To improve the supervision mechanism of rural migrants, we should fully understand the importance of strengthening control over migrants. In view of the outdated laws and regulations on the control of migrants, the departments concerned should strengthen legislative work and further clarify responsibilities so that each party knows and performs its responsibility. It is necessary to specially strengthen the management of rented accommodation and, when the conditions are available, conduct hotel-style or apartment-style management. It is necessary to remove loopholes that lawless or criminal elements among the migrants may take advantage of by improving the supervisory mechanism to curb the rising crime rate among migrants.

Some deep-lying factors in the social environment have contributed to the increase in crime committed by rural migrants in the process of modernization. Rising or falling crime depends on the increase or decrease of all

positive factors that curtail and reduce crime in the entire society. As long as we pay attention to factors in the social environment that contribute to rural migrants and the consequent social repercussions, strengthen macroregulation and control, use policies as well as laws and regulations to adjust the social environment, change the functions of relevant departments, and strengthen comprehensive improvement, we will possibly be able to check the rise in crimes committed by rural migrants.

Speech on Role of Confucianism in Modern World

HK0311095494 Beijing GUANGMING RIBAO in Chinese 6 Oct 94 p 2

[Report: "Speech by Li Gangqing at Conference Commemorating 2545th Anniversary of the Birth of Confucius"]

[FBIS Translated Text] On the occasion of the 2545th anniversary of the birth of Confucius, we have gathered in force in Beijing to commemorate this great figure of world culture. First, allow me express a warm welcome and sincere gratitude to all the experts, scholars, public figures, and friends who have traveled great distances from throughout the countries and regions of the world, as well as from China's own Taiwan, Hong Kong, and the mainland.

Confucius was a great thinker and educator in Chinese history, and the originator and chief founder of the doctrine of Confucianism. His ideology and theories made a tremendous contribution to Chinese civilization. Today we commemorate Confucius and investigate and debate his ideology and the doctrines of the school of Confucianism which he founded. Our purpose is to critically carry on and expand this valuable cultural heritage, seek its essence, and under new historical circumstances and according to the requirements of a new era, let it reveal new truths among the old in order to actively contribute to the development of socialist spiritual civilization with Chinese characteristics.

Since the institution of China's policies of reform and opening, research concerning Confucius, Confucianism, and traditional culture has entered a new phase. Promotion of joint research into Confucianism with scholars around the world as well as in Taiwan, Hong Kong, and Macao has provided impetus to the development of China's outstanding traditional culture. Today marks the second time that a distinguished international academic gathering of this scale has been held in Beijing. On the 2540th anniversary of the birth of Confucius in 1989, a major academic conference was jointly hosted here by the China Confucius Fund and UNESCO. At the time, Chairman Jiang Zemin met with scholars attending the conference and expressed his active support for research concerning Confucius, Confucianism, and traditional Chinese culture, as well as his high expectations.

We should deal with national history and cultural heritage from the standpoint and attitudes of historical

materialism. Although the cultures of different periods bear the stamp of their times or social systems to varying degrees and all have their historical limitations, throughout the development of human history the outstanding achievements of a culture can be said to belong to an entire race, or even to the entire human race. Their varying contributions to social progress may be great, or even immortal.

No matter if our culture is Eastern or Western, or what nationality or locality it belongs to, we cannot effectively solve the series of problems facing us using only a single method. Rather, we must learn from others' strong points to offset our own weaknesses and develop individual advantages. Sometimes it may even be necessary to seek common ground while disregarding our differences. Only in this way can we better resolve our problems. We are pleased that in the course of dealing with many of the major thorny problems currently facing humanity, the enlightenment that can be offered by Confucian ideology, the major component of traditional Chinese culture, has attracted major international attention.

The prominent personages gathered here to conduct such a large-scale commemorative meeting and academic conference, as well as to establish the International Association for the Study of Confucianism, are responding to the needs of a new era.

Confucius and Confucianism are particularly concerned with education, especially education in morality. This is a key characteristic of Confucian culture. In the present period, science and technology have already become the deciding factor in social progress. The development of science and technology depend upon the fostering of qualified personnel, which in turn depends upon education. Education is accordingly becoming the key factor determining whether or not a country will flourish. Following World War II, all rapidly developing countries and regions have had one common experience, that is, the vigorous development of education and the overall elevation of the peoples' scientific and cultural level and the quality of individual ethics and public morality. Confucius, and the Confucianism of which he is the representative, pay particular attention to the cultivation of morality and moral education, relying on the perfection of individual ethics to provide the basis for social morality and providing a link between personal growth and the obligations and responsibilities that should be borne to one's fellows, the nation, and society. Under the present social conditions of a developing market economy and increased commodity production, Confucianism provides rich material for the fostering of a new idealistic, moral, and disciplined generation.

Chinese culture resembles a beautiful and varied flower garden. In addition to Confucian ideology, classical Chinese culture also contains a hundred other schools of thought, each with its own strong points. China is a country of diverse nationalities, and its many national

cultures are also varied and rich, each unique in its own way. The new culture and superior traditions formed during the glorious process of liberation led by the CPC should provide even greater advantages. These great cultural riches have already become an important source for our construction of socialist spiritual civilization with Chinese characteristics, as well as a great force in the unification and struggle of the entire Chinese people to develop China. Of course, we must also make use of all of humanity's superior cultural achievements.

The 21st century will soon be upon us. Concerning the work of research into Confucianism and Chinese traditional culture at the turn of the century, we must review history and look to the future. We are gratified by results already achieved, and deeply understand that we still have much work and a long road ahead of us. The 21st century should be a period of the mutual development of material and spiritual civilization. Chinese traditional culture's Confucius and Confucianism will shine with new life in the new century and make new contributions to the continuing development of human society.

We wish this academic conference complete success.

We wish the International Confucian Society a successful founding.

Science & Technology

Reportage on Nuclear Industry Developments

International Cooperation Expanded

OW0211124094 Beijing XINHUA in English 1224
GMT 2 Nov 94

[FBIS Transcribed Text] Beijing, November 2 (XINHUA)—China will take further steps to enhance cooperation with foreign countries in nuclear safety supervision and management so as to raise its capability in this regard and ensure the growth of its nuclear industry.

The NNSA [National Nuclear Safety Administration] has always placed great importance on developing cooperation and exchanges with the relevant international organizations and advanced countries in nuclear safety, according to Huang Qitao, vice-minister of the State Science and Technology Commission and director of the NNSA, at a meeting here today celebrating the 10th anniversary of the founding of the National Nuclear Safety Administration (NNSA).

The NNSA has adopted as far as possible the nuclear safety laws and regulations formulated by the International Atomic Energy Agency, taken an active part in drafting relevant international conventions, participated in international conferences on nuclear safety and actively involved in the activities of the advisory groups and technological committees on nuclear safety.

In spring this year, according to Huang, the NNSA invited an international regulatory review team of the

International Atomic Energy Agency to visit China to evaluate the country's nuclear safety supervision and management.

The NNSA has also established sound relations with the United Nations Development Program and the European Communities.

The NNSA have sent its staff members abroad for training on nuclear safety examination and supervision, analysis of nuclear accidents and at the same time arranged foreign experts and scholars to give lectures in China.

The Cyber180/830 computers provided by the United Nations Development Program to the NNSA have been installed in the Beijing Nuclear Safety Center, playing an important role in nuclear safety examination and analysis of nuclear accidents.

Five training classes have been run on nuclear safety supervision under the joint sponsorship of the European Communities and the NNSA.

The European Communities have helped the NNSA establish the abnormal occurrences reporting system and provided it with the relevant software.

The NNSA has maintained cooperative relations with major countries making peaceful utilization of nuclear energy. It has signed agreements on cooperation in nuclear safety with the United States, France, Italy, Spain, Pakistan, Germany and Japan.

The NNSA is negotiating similar agreements with the Republic of Korea and Russia.

The NNSA has the capability of providing advice on nuclear safety technology to third world countries, according to Huang.

Complete Emergency System Set Up

OW0311112694 Beijing XINHUA in English 1113
GMT 3 Nov 94

[FBIS Transcribed Text] Hangzhou, November 3 (XINHUA)—China has set up a complete nuclear power emergency control system though its construction of nuclear power station is still at its early stage.

According to the Second National Seminar on Nuclear Emergency held here, work on the emergency control system started simultaneously with the construction of nuclear power stations.

The country has formulated regulations on emergency measures for handling nuclear accidents.

The nuclear emergency control system is a three-tier network from the central down to the local level. All emergency organizations have their own emergency handling plans.

At the two nuclear power plants in Zhejiang and Guangdong, the state and provinces have set up emergency

commanding centers, well equipped with telecommunications facilities and monitoring equipment.

Technically, supporting systems for assessing consequences of nuclear accidents and policy decision systems have been established.

The nuclear emergency organizations in all places have carried out exercises on many occasions in a bid to increase the responsiveness.

In addition, the country has started research on emergency measures.

The country has also carried out education in the development of nuclear energy and spread knowledge about protection against radiation and measures against emergencies.

China has also earnestly implement the obligations stipulated in the international conventions on the peaceful use of nuclear energy and established a liaison center and participated in all the exercises carried out by IAEA.

Xinjiang Province Develops Indigenous Medicines

OW0311032194 Beijing XINHUA in English 0236
GMT 3 Nov 94

[FBIS Transcribed Text] Urumqi, November 3 (XINHUA)—Tang Yichang, a senior editor of a newspaper in the Xinjiang Uygur Autonomous Region, had never expected that a local popular medicinal tea made of indigenous materials could heal his chronic stomach trouble.

Tang, who had been suffering from stomach trouble for over 30 years, decided to try the medicine tea, which he heard of its effect from a friend in 1990, and to his surprise, it cured the disease.

The medicinal tea, made and used by almost every family in Xinjiang, in northwest China, was a gold prize winner on a national fair of inventions and patents this year.

Located on the ancient "Silk Road", Xinjiang is not only rich in medical herbal resources, but has also absorbed rich medical legacy from ancient Greece, India and Arab states, to be used in traditional drug-making with local resources.

As early as in 1950, the regional government decided to make efforts in exploring and developing traditional Xinjiang medicines.

Over the past decades, the region had conducted four surveys, which led to the clarification of the variety, location and reserves of over 600 kinds of local medicinal materials.

The health departments have also studied over 200 classical prescriptions and interpreted over 60 ancient ones to be used in the making of over 170 varieties of drugs.

In addition the region has developed in recent years over 30 varieties of new medicine and tonics, of which six won national gold medals for new inventions and technology.

In order to speed up the production and marketing of the Xinjiang traditional medicine, a leading group was set up in July and a 10-year plan mapped out by the autonomous regional government for its development.

Cable Manufacturer Seeks Foreign Partners

HK0311103794 Beijing XINHUA Hong Kong Service in Chinese 0120 GMT 6 Oct 94

[By correspondent Li Zhishi (2621 1807 4258)]

[FBIS Translated Text] 6 Oct (XINHUA)—China's largest optical fiber cable manufacturing base—Jiangsu's Nantong Zhongtian Cable Company, Ltd., is actively seeking foreign business partners to further expand the applied arena and realm of optical fiber cable.

Nantong Zhongtian Cable Company, Ltd. is a joint-venture with Taiwan and Mainland investments, a large-type enterprise specialized in manufacturing optical fiber cable, founded in 1990, with an annual output value of 100 million yuan. They have cooperated with Nanjing Posts and Telecommunications Institute, Ministry of Electronics Industry, and China Academy of Sciences, selected a well-known brand of optical fiber to manufacture good-quality optical fiber cables in various structures, including twisted multilayer, framework, and tube types.

This company has imported a number of optical fiber cable manufacturing equipment and technology of first-rate quality from the United States, Japan, Britain and Switzerland, and was among the first group of optical fiber cable manufacturing enterprises in China's posts and telecommunications system which adopted international standards. Its products are extensively applied to the telecommunications departments of such trades as railway, posts and telecommunications, highway, oceanic and coal industries.

To further widen the applied realm of China's optical fiber cable, Nantong Zhongtian Cable Company has cooperated with relevant units under the Ministry of Power Industry to explore a new channel for building a compound ground wire by using China-made optical fiber cable in the telecommunications of the power system.

Since the mid-1980's, China has imported a small volume of optical fiber compound ground wire from Britain, Japan, and West Germany for its power systems first in Gezhouba, then in Wuhan and Taiyuan.

Xue Jiping, Nantong Zhongtian Cable Company board director said, the development of this project calls for first-rate equipment and technology as well as the training of a number of key qualified people and raising

a huge amount of capital. He hoped that people with insight from overseas will grasp the opportunity to cooperate with Nantong Zhongtian Cable Company to develop this hi-tech product with great market potential.

New Technique Developed for Moving Buildings

OW0311032094 Beijing XINHUA in English 0226
GMT 3 Nov 94

[FBIS Transcribed Text] Shenyang, November 3 (XINHUA)—A residential building in Benxi city in northeast China's Heilongjiang Province has been shifted 14 m together with its inhabitants without damaging water and electricity supplies.

The operation proved successful owing to the adoption of a new construction technique—horizontal shifting.

The seven-story building, with a floor space of 2,300 sq m, stood in the way of the new Shenyang-Benxi expressway.

To save money and shorten the construction period, the city government decided to shift the building instead of pulling it down.

Scientific workers from the Shenyang Special Construction Engineering Company entered the site nine weeks before the removal. They severed the building's foundations after careful inspection and then consolidated its base. They then installed two rails along which the building was to be moved backward.

The residents were encouraged to stay home as usual during the shifting, which lasted from October 23 to November 1, with an average movement of 1.4 m a day.

"I put a washbasin full of water on my balcony to test the movement, but the water was undisturbed during the whole process," said a middle-aged woman who lives in the building.

"The shifting rails had such a smooth surface that the people in the building hardly felt any movement," said Gao Jiliang, a senior engineer and manager of the company.

The shifting cost one million yuan, only one third of what the reconstruction of such a building would have cost, he noted.

Military

Circular on Placement of Demobilized Servicemen

HK0311090694 Beijing RENMIN RIBAO in Chinese
27 Oct 94 p 4

[Report: "State Council, Central Military Commission Issue Circular on Major Adjustments to the Policy of Placement of Demobilized Servicemen"]

[FBIS Translated Text] Beijing, 26 Oct (RENMIN RIBAO)—Recently, the State Council and the CPC

Central Military Commission issued the "circular on work regarding demobilization of soldiers in the autumn of 1994," making major adjustments to the policy of placement of demobilized soldiers.

The "circular" pointed out that the work for the placement of demobilized servicemen in the urban areas should adhere to the method of "assigning duties according to the system; making arrangements for everybody." The areas with the better conditions may try the method of "arranging interviews between job seekers and employers, allowing them to make choices bilaterally, and taking care of every aspect in the settlement." In some areas where economic development is backward and where the degree of difficulty in placement is higher, arrangements for placement may be made through "assigning duties according to the proportion of staff and workers; making arrangements for everybody."

In light of the difficulty in finding jobs for demobilized servicemen in cities in recent years, and because some departments and units are not willing to accept demobilized servicemen while individual units even refuse to accept them, the State Council and the CPC Central Military Commission stressed in the "circular" that, various departments, enterprises, and units must ensure that they accomplish the duties of placing demobilized servicemen assigned to them by the local governments, according to the country's laws and the State Council's regulations on the work of placement of demobilized servicemen. When drafting regulations and formulating plans of recruitment, the departments in charge of the units hiring people must not contradict the policy of placement of demobilized servicemen, and must not let their subordinate units restrict the duties of accepting demobilized servicemen. No unit hiring people is allowed to refuse a placement assigned to it by the local government. Any unit which refuses the duty or fails to accomplish it, its leader must be held responsible, or be reprimanded.

The "circular" states that from now on, state-owned enterprises, collective enterprises, administrative units, joint-stock enterprises, foreign-funded enterprises, and private enterprises all have the obligation to accept demobilized servicemen. The trades, sectors, and administrative departments which have jobs suitable for demobilized servicemen, must give them priority when filling the jobs. The "circular" pointed out that it is necessary to encourage the demobilized servicemen in the urban areas to find jobs themselves, and that the local governments should give preferential treatment to those who are willing to work in the units in the nonstate-owned economic sector, or find jobs themselves.

Concerning the placement of the demobilized servicemen in rural areas, the "circular" pointed out that, rural areas should seek the placement of demobilized servicemen who are good at both military and civilian work skills. Various localities must meet the needs of the development of the labor market and, in an organized

and planned manner, promote personnel who are good at both military and civilian work skills in the labor market, step by step. The localities with better conditions should actively establish service organizations for demobilized servicemen who have both good military and civilian work skills, and provide services in training, recommending, and appointing capable personnel, so that these organizations can gradually become agencies providing services to the labor market. Governments at various levels and the relevant departments should grant preferential policies to the economic entities which are mainly run and staffed by demobilized servicemen, support them and help them, whereas localities should allocate special funds to earnestly solve the actual difficulties they encounter in production and daily life.

Liu Huaqing Praises Civilian-Navy Shipbuilding

OW0211135794 Shanghai JIEFANG RIBAO in Chinese
23 Oct 94 p 1

[Unattributed report: "Joint Efforts To Build Civilized Ships and Train Civilized People"]

[FBIS Translated Excerpt] In recent years, Shanghai's shipbuilding and military enterprises and Navy representatives in shipyards and factories have made joint efforts to build spiritual civilization during the course of production. As a result, their achievements in naval projects have won the praise of Liu Huaqing, member of the CPC Central Committee Political Bureau Standing Committee and vice chairman of the Central Military Commission, who said: "A ship has been built, joint strength has been created, and people are of one heart."

After the start of reform and opening up, the Hudong Shipyard put forward the concept of "a joint military-civilian effort to build spiritual civilization during the course of production." When it was signing its first economic contract with the Navy in 1985, it also signed an agreement with the shipyard's Navy representatives to launch a joint military-civilian campaign to build spiritual civilization, calling for joint efforts to build "civilized ships" and train "civilized people." As a result, the ship was completed ahead of schedule, a large amount of building costs was saved, and the quality was better than previous years and won a state gold award. The Zhonghua and Qiuxin Shipyards also launched similar joint military-civilian campaigns with the Navy. [passage omitted]

Defense Sector Increases Civilian Product Export

OW0211170494 Beijing XINHUA in English 1552
GMT 2 Nov 94

[FBIS Transcribed Text] Beijing, November 2 (XINHUA)—China's national defense sector has cooperated with overseas partners in dozens of countries and region in the development of civil products, thus remarkably increasing the exports, according to Chinese national defense authorities.

Such cooperation, mainly involving the production of planes for civil aviation, satellites, electronic appliances, ships, the construction of nuclear power stations and other high-tech for civil purposes, has led to an annual growth as high as 30 percent in foreign exchange earnings from exports of civil products from the national defense sector, the authorities said.

Thanks to the imported advanced technology, the ship manufacturers rapidly improved their technical level and so far have built ships with a total four million tonnage for international market, which make up half of the total output.

Half of the weaponry enterprises across the country are producing over 500 varieties of civil products for international markets.

They have also launched over 100 joint ventures with overseas partners to produce machinery, motor vehicles, motorcycles, and chemical and light industrial products.

This has enabled the weaponry enterprises to increase their exports at an annual rate of over 30 percent over the past few years.

The nuclear power enterprises are also exporting their equipment and technology, making themselves one of the few exporters of civil nuclear technology and equipment in the world.

The successful launching of overseas satellites is another illustration of the advancement of the sector. Authorities disclosed that by the year 2000, some 30 overseas satellites will have been launched by China.

The space industry has also sought foreign advanced technology to develop new cars. A joint venture between the Sanjiang Group and the Renault Corporation of France will go into operation in 1995 and the production capacity will reach 50,000 vehicles in two years.

Foreign financing has been constantly sought by the sector in the development of civil product.

The China National Aviation Industry Corporation, for example, launched a "China aviation fund" together with banks and companies in Hong Kong and foreign countries.

The first batch of funds raised amounted to 96.6 million U.S. dollars, exceeding the total foreign funds raised by the corporation in the past 13 years.

The aviation sector has already sold over 50 Yun-12 planes overseas. Now it is cooperating with the McDonnell Douglas Aircraft Corporation of the U.S. in producing MD-82 aircraft. The first 25 planes produced have already been put into use and the five of the 10 turned out in the second round of the production have been sold to the U.S.

Paracel Soldiers, Civilians Carry Out Project

OW0211125994 Beijing XINHUA Domestic Service in Chinese 1144 GMT 2 Nov 94

[FBIS Translated Text] Haikou, 2 Nov (XINHUA)—According to a report by HAINAN RIBAO, carrying

forward the Nanniwan spirit, soldiers and civilians on Xisha Qundao [Paracel Islands] have jointly carried out the "vegetable basket" project, thus improving the living conditions of the islands' military units and residents. After several years of hard work, the soldiers and civilians stationed on the islands have built farms and a number of vegetable plots with facilities to guard against typhoons, high temperature, and torrential rains. More than 20 types of livestock and poultry, including fine-strain hogs from Guangxi, Dongyang goats from Hainan, and Beijing ducks have been introduced to Xisha; more than 10 types of fruit trees, including coconuts and papayas, have born fruits on the islands; and more than 40 types of vegetables, including cucumbers, cabbages, and tomatoes, are grown on the islands four seasons a year.

East Sea Fleet Upgrades Weapons, Tactics

HK0311053494 Beijing JIEFANGJUN BAO in Chinese
26 Sep 94 p 2

[By Zhu Xuewen (2612 1331 2429): "Special Mixed Formation Sails the Oceans"]

[FBIS Translated Text] A special mixed formation made up of modern missile destroyers and corvettes has been deployed for the penetration of defenses with surface-to-surface missiles cleaving the waves and surface-to-air missiles streaking into the sky. This is the scene as the officers and men of the destroyer flotilla of the East Sea Fleet conduct military training on the ocean.

Watching these young officers and men piloting modern warships in the ocean, people find it hard to link them with the small Navy line-up passing the reviewing stand in Tiananmen Square 45 years ago. However, it was on the basis of this small naval formation that the powerful and modern Navy of today grew up. And it is precisely some officers and soldiers of this naval formation that made up the first escort vessel flotilla of the new Chinese Navy 45 years ago. At that time, this flotilla was only equipped with 14 shabby gunboats taken over or captured in battle. What is more, most of the officers and soldiers had never seen the sea or warships before. Today, however, this flotilla has been forged into a powerful and modern force on the ocean and there have been breakthroughs in its combat effectiveness.

—The leap from manually-operated guns to the commissioning of more missiles and electronic equipment and the enhancement of automation. Guided missile destroyers and escort vessels have replaced obsolete gunboats. In the old days, the guns could not fire at aerial or sea targets that could not be seen by the naked eye, or on foggy, rainy nights. But with the aid of "electronic eyes" and satellite navigation equipment, officers and men are able to undertake "all weather" navigation, offensive operations, and mine laying. Ten major systems, including the guided missiles, rockets, and power supply of the flotilla's new warships, are operated electronically and automatically.

—The leap in educational aspect from "physically strong but simple-minded persons" to scholars. With the upgrading of weapons and equipment, the educational level of officers and soldiers in the flotilla has made a breakthrough improvement. In the past, a cadre who graduated from junior middle school could be called an "intellectual." But today, 100 percent of cadres have received a college education, among whom graduates from four-year courses account for more than 96 percent. Besides, a batch of officers with doctorates or master's degrees has also emerged, as well as a contingent of captains of the new generation who can pilot aircraft as well as warships.

—The leap from off-shore to ocean-going voyages. In earlier days, vessels of the flotilla relied on islands to cruise off the coastline. Nowadays, warships roam as far as the Indian Ocean, training troops in the West Pacific, and patrolling the Xisha [Paracel], Zhongsha, Nansha [Spratlys], and Zengmu Ansha with several hundred formation courses and single-vessel courses performed on the ocean, such as ship-to-ship confrontation, ship-to-submarine confrontation, and guided missile attacks, and the accumulative sailing journey reached 200,000-odd nautical miles.

—The leap from single-gun and single-warship fighting has changed into a three-dimensional and comprehensive one. The single cannon attack has been replaced by integrated, three-dimensional attacks from underwater, from the surface, and even from the air with such weapons as anti-ship and anti-aircraft guided missiles, rockets, cannons, and depth charges. An operational method characterized by single vessels and guns has been replaced by an overall operational one characterized by formation attacks and the penetration of defenses.

Training, High-Tech Research Boosts Navy

HK0311090094 Beijing JIEFANGJUN BAO in Chinese
5 Oct 94 p 1

[By Si Yanwen (0674 1750 2429) and special correspondent Si Changxue (2457 2490 1331): "Large Number of People of Outstanding Ability Perform Meritorious Deeds at Coastal Border—Navy Personnel Construction Gradually Becomes Standardized"]

[FBIS Translated Text] In the golden fall, over 300 graduates and post-graduate students from universities and colleges all over the nation gathered at the Naval Submarine Academy to begin three months of boot camp. At the same time, several thousand students freshly graduated from over 10 naval academies have gone to their respective fighting posts in the Navy in high spirits, and they have become the fresh blood in building a modern navy.

The People's Navy, the same age as the Republic, from small to great, from weak to strong, has already developed into a modernized integrated armed service. At the

same time as equipment upgrades, there have been numerous results in building talented personnel. Currently 84.5 percent of the officers in naval vessel units have received college education or above. And all officers at or above combat vessel department heads, as well as pilots in naval air units, are college graduates. Beginning in the 1980's, the Navy has trained a group of "captains qualified through comprehensive training" who have become marine commanders piloting modern warships. A group of young officers who combine talent with moral integrity and are equipped with awareness of a modern navy and command and management capability have taken up leading posts above the squadron commander level. Technical officers, who account for more than half of naval officers, have played an outstanding role in the modernization construction of the Navy. In the 15 years since reform and opening up, over 5000 Navy science and technology research results have received national-level and armed forces-level awards, of which several hundred projects have reached internationally advanced levels.

Following the advancing footsteps of New China, the Navy has taken solid steps in building talented personnel. Currently, a system for training three-level and four-tier naval commanding officers in academies or schools and a system for training technical officers in academies or schools with junior college education as the mainstay have been established. Officers, through formal college training, have already become the main body of naval officers, especially at the grass roots. The institution of such systems as an examination system for "captains qualified from comprehensive training" has further perfected the in-service training system for naval personnel. And the further amplification of the relevant rules, regulations, and systems on the management and use of personnel has gradually standardized the building of naval personnel.

Currently, naval academies and research units have established 42 master's degree student training centers and 4 doctoral student training centers, which are actively training the high-level personnel urgently needed for building a modern navy. Each year, the Navy sends a group of specialized technical personnel with development potential for further study at civilian universities, colleges, and research institutions, as well as abroad. After more than 10 years' of effort, the Navy has trained several thousand MA's and Phd's, who are following cutting edge high-tech research all over the world in over 300 research fields and have made outstanding achievements. A large group of excellent Navy commanders and specialized technical personnel have played a major role in the modernization construction of the Navy.

PLA Reforming Logistics Training

OW0211123494 Beijing XINHUA Domestic Service in Chinese 0542 GMT 31 Oct 94

[By correspondent Zhang Jianguo (1728 1696 0948) and reporter Huang Qiusheng (7806 4428 3932)]

[FBIS Translated Text] Fuzhou, 31 Oct, (XINHUA)—It was learned from a recent all-Army meeting on the reform of logistics training that the People's Liberation Army, while centering around the Army's strategic principle in the New Period to achieve the goal of "providing reliable logistics support," had achieved marked results in the reform of logistics training because it actively explored a new way to strengthen logistics training on bases and depended on advanced scientific and technological achievements to enhance its ability to provide reliable logistics support.

It was learned that the Army had conducted the reform of logistics training for two years. Last year, the General Logistics Department issued the "Opinions Concerning Carrying Out the Army's Strategic Principle in the New Period and Deepening the Reform of Logistics Training" and other documents. Establishing 10 experimental units in the Army, the General Logistics Department tried to explore a new way to carry out a comprehensive reform of logistics training in content, methods, systems, management, and the ability to provide reliable logistics support. From their practical work, all troops summed up the results in the following five aspects: training programs, standard for evaluating training records, teaching methods for logistics training, the study of ways to provide reliable logistics support, and comprehensive demonstrative reports on the reform of logistics training.

One of the major measures taken by the Army in the reform of logistics training was to improve the quality of logistics training on bases. Since last year, the Army has set up, one after another, 44 bases for training drivers, medics, and oil depot managers, thus establishing a new way of training logistics soldiers on bases. This was a breakaway from the tradition—a training pattern of "letting each individual master worker train his apprentices in different places." As a result, the Army established a new way to train logistics soldiers effectively in a short period of time. Over the last two years, the Army trained hundreds of thousands of soldiers with various logistics skills, with 100 percent of them passing the test and more than 80 percent of them being equipped with good professional skills.

Depending on high technological achievements to enhance its ability to provide reliable logistics support is important for the Army to improve its logistics training. In recent years, all troops widely organized logistics officers and soldiers to acquire advanced scientific and technological knowledge and engage in the study of methods to provide reliable logistics support. According to statistics, over the past two years, logistics units at or above division level in the Army sponsored more than 1,000 classes of courses on advanced science and technology, training officers and soldiers of more than 50,000 person-times. Various large units also organized more than 30 seminars and training assemblies on methods for providing reliable logistics support during a regional war characteristic of advanced technology. As a

result, more than 4,000 high-quality research papers were produced. The Army organized more than 1,000 large maneuvers of various kinds. The Army effectively enhanced the quality of logistics personnel at all levels and improve, in an all-round way, their ability to provide reliable logistics support under the conditions of emergency, mobility, three-dimensional war, and defense for existence. The Army also improved logistics units' organizing and commanding ability. In this way, the Army ensured the accomplishment of various tasks including dealing with emergencies and disasters and providing relief as well as training for preparedness against war.

During the meeting, a logistics unit under the Nanjing Military Region presented 15 demonstrations showing their results in the reform of logistics training. A certain unit under the General Logistics Department also carried out a drill for providing reliable logistics support during emergencies. Their performances were highly appraised by leaders of the General Logistics Department and representatives to the meeting.

Economic & Agricultural

XINHUA Commentary Urges Macroeconomic Control

OW0311033394 Beijing XINHUA in English 0319 GMT 3 Nov 94

[FBIS Transcribed Text] Beijing, November 3 (XINHUA)—XINHUA NEWS AGENCY published a commentary by its special commentator today, titled, "Continue To Strengthen Macroeconomic Control and Firmly Curb Inflation".

According to the article, China has smoothly carried out many major reforms since the beginning of this year, in fields such as finance and taxation, banking, foreign currency, foreign trade and investment.

By now, the commentary says, China has achieved a steady economic growth and achieved a great deal of progress in reform. The gross national product (GNP) from January to September increased by 11.4 percent, and industrial output value jumped by 16.6 percent, together with growing market sales.

Meanwhile, China has witnessed a good situation in import and export, with a trade surplus in general trade by the end of September. Foreign investment has continued to flow in.

In the financial sector, the commentary says, China decreased money issuance by 19 billion yuan in the first nine months of this year, while bank savings for both urban and rural residents have increased by over 40 percent. Loans have markedly increased, and the investment structure and areas receiving investment are both reasonable.

Generally speaking, China's reform is going ahead smoothly as a sustained, rapid and healthy national economic development is shaping up.

The commentary views inflation as a serious issue at present. Since last year, the commentary says, China has started a number of macroeconomic control and reform measures which include a tight control on budget expenses, with loans mainly used for key state construction projects and the purchasing of farm products. The effort has curbed the chaos in the financial setup characterized by random lending and rampant money-raising activities.

The commentary owes the recent price hikes to the rise of food prices instead of a relaxation in loans, while hailing the central bank's role in overall control of credit loans and inflation.

To arouse the enthusiasm of Chinese farmers for the production of farm products and foodstuffs, the commentary says, China raised the state purchasing prices of farm and foodstuff products in June. This has, in a sense, led to price hikes, but the effect is limited, the commentary says.

The reason for the price hikes since the beginning of this year is basically a result of expansion in construction investment and excessive consumption growth rate. The newly started construction projects increased by over 9,000 in July and August this year along with a large number of investment projects.

"This year's growth rate in social fixed capital will remain as high as last year if the situation goes on like this," according to the commentator.

By now, bank loans in fixed assets investment have been brought under control and the investment arrival rate in the state's key construction projects has increased. The major source of existing investment in fixed assets is self-raised funds and foreign investment, with financial credits accounting for some of it.

The commentator warned that the growth of consumption expenses has largely surpassed the increase in social labor productivity, and this situation is still developing.

The blind pursuit of higher growth rates, high prices and high salaries in some localities has exerted a negative impact on the central government's efforts to control inflation, the commentary continues.

According to the commentary, China has put inflation control on the top of its agenda for the rest of this year. This, the article says, calls for special efforts to strictly control the scale of fixed assets investment and the approval of new construction projects, especially local projects and projects with self-raised capital investment.

The commentary calls for intensified efforts by localities to increase agricultural investment to ensure an ample supply of grain and foodstuffs so to further promote economic development and reform.

General Check Up on Assets To Begin Next March

HK0211140794 Beijing ZHONGGUO XINWEN SHE
in English 0956 GMT 2 Nov 94

[FBIS Transcribed Text] Beijing, November 2 (CNS)—Mr. Zhu Zhigang, deputy director of the National Administrative Bureau of the State-owned Assets, announced today that starting from March 31 of 1995, China was to conduct a general checkup on assets covering the whole country.

China started general checkup on assets on a small scale as a trial in 1992 and expanded its scope to a great extent in 1994. The next year's checkup will be the largest ever in scope. China's overseas-based enterprises are also to be subject to the checkup.

According to Mr. Zhu, the general checkup on assets will be conducted in four stages:

The first stage, which starts from the fourth quarter of this year, will be specialized in investigation and registration of all state-owned enterprises under departments or in regions, differentiating those who have been through the checked on assets from those who have not so as to fix the scope in which the general checkup will be done in order to avoid repetition and omission. The main economic indices of those enterprises under the general checkup will be registered. The work to work out the number of enterprises to be checked will begin during the final quarter.

The second stage, starting from the end of this year, will make preparations for implementation of the checkup. The meetings of directors of the offices in charge of the general checkup on assets at various levels is scheduled to be held next January. The function will lay out work in detail for 1995. A national telephone conference for mobilization and briefing of actual work on the check up on assets will be held next May.

The third stage refers to all-round implementation of general checkup on assets, focusing on checking up assets, sorting out creditor's rights and liabilities, delimitation of property rights, re-evaluating assets and registering asset value and rights, which will start from the second quarter of next year. Reports of the checkup should be submitted to the Ministry of Finance before the end of next July.

The final stage will be devoted to summing up and review.

Mr. Zhu also pointed out problems existed in the current state-owned assets administration, such as serious losses of assets, a great amount of outstanding capitals, heavy liabilities borne by enterprises, snowballing of the value of loans and their interests, blind investment, slack management and confused property rights and so on.

Vice Finance Minister on Assets Management System

OW0211161294 Beijing XINHUA in English 1506
GMT 2 Nov 94

[FBIS Transcribed Text] Beijing, November 2 (XINHUA)—China is striving to establish a new state-owned assets management system in line with the socialist market economy within three or five years to ensure value-maintenance and increment of the state-owned assets as well as to avoid drains on state-owned assets, which are resulted from the weak management and illegal trade acts.

At a working conference here today, Zhang Youcai, China's vice finance minister and also the chief of the State Administration of State Property, said that the new system will consist of a well-organized work administration system, a scientific index system for estimating the economic returns of the state-owned assets management, a market system on property rights transfer and a complete set of legislations and law enforcement system on the state-owned assets management.

Zhang said that his administration is to set up three recording systems for the state-owned assets management in the near future, including statistic recording system, the property rights registration system and the economic returns recording system.

Beginning next year, the administration will issue annual reports on the country's total volume of state-owned assets, their constitution and their geographical distribution.

Zhang revealed that his administration is to establish special institutions in cooperation with relevant departments to supervise the state-owned assets management and further expand the scope of experiment on the new assets authorization system in the country's large enterprises.

Referring to the legislation on the state-owned assets management, Zhang said that his administration is to draft 14 laws and regulations in the near future.

He disclosed that next year, the administration will focus efforts on drafting "law on state-owned assets", "law on assets assessment", "provisional regulation on the state-owned assets' value maintenance and increment assessment" and "working rules of the supervision body over state-owned enterprises".

Zhang stressed that his administration is to intensify managements over resource assets, China's overseas state-owned assets as well as for state-owned assets of bankrupt enterprises.

Zhang also said that by May this year, China had set up management organs in most of the country's provinces, municipalities and autonomous regions, with their employees totaling 14,000.

By the end of 1993, China had founded a total of 1,620 government-approved state-owned assets assessment institutions with workers directly engaged in the work amounting to 26,000.

Statistics show that the total volume of China's state-owned assets had topped 3,495 billion yuan (411 billion U.S. dollars) by the end of 1993.

State Council To Formulate 'Wage Law'

HK0311043494 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0941 GMT 27 Oct 94

[FBIS Translated Text] Beijing, 27 Oct (ZHONGGUO TONGXUN SHE)—A responsible official of the Ministry of Labor recently said that the State Council was intensively carrying out the task of formulating a wage law. The law, which is being drafted, includes 10 chapters. The law will stipulate the wage grades, the minimum wage, the form of payment, the handling of wage disputes, insurance, and supervision. According to the wage law being drafted, the issuance of wages must meet the following principles: The level of wages should be enhanced in light of the conditions of economic development; wages should be issued according to work results; consideration must be first given to the principles of efficiency and fairness; same wages should be paid to people doing the same work. On the basis of giving consideration to the situation of economic development in the whole country, the rate of unemployment, and the conditions of prices and investment, the government will help enterprises determine the level of wages for their workers. According to the law, the minimum wage will be higher than the local poverty line but will be lower than the average wage level.

Beijing To Issue 150 Billion Yuan of State Bonds

HK0311044594 Hong Kong MING PAO in Chinese 28 Oct 94 p B1

[By staff reporter: "150 Billion Yuan of State Bonds To Enter Market in 1995"]

[FBIS Translated Text] An official from China's Ministry of Finance has disclosed that the quantity of state bonds to be issued in China next year will not be smaller than this year's 100 billion yuan, while an authoritative person claims that it will be about 150 billion yuan. According to information, the method of issuance will be turned as much as possible to direct entry into the market, and the relevant department is now carrying out the final phase of the market research and planning at full steam.

According to the authoritative person, the government has admitted that the nature of state bonds determines that the investment returns on them are not attractive, therefore, there are worries that if the types of bond to be issued, as well as their structure and design, are not reasonable, then it will be difficult to sell them. At

present, the authorities are organizing relevant departments to carry out research on the market's absorption ability next year, as well as its likely response to the bonds, so that decisions can be made on what style and structure will be used to meet the needs of investors. But the relevant department has already reached the conclusion that the market can digest more than 100 billion yuan of state bonds. As for the issuing method, the relevant department has also looked at past experience in issuing state bonds, considered the development conditions of the investment market next year, and decided that more measures will be taken to enable state bonds to directly enter the market, but the concrete ratio is still being deliberated.

According to information, the relevant department has decided to issue 150 billion yuan of state bonds because the austerity policy will continue to be carried out next year in the finance and revenue areas; as a result, more funds will be available from various quarters to invest in state bonds. In addition, it is predicted that inflation will decrease markedly next year and that it will be 13 to 15 percent by early next year and below 10 percent for the year as a whole. Under the austerity policy, it is unlikely that banks will increase their interest rates for savings. Furthermore, judged from the angle of the securities market, measures taken this year and to be taken next year are for checking speculation and encouraging investment, and the securities market will tend to normalize and stabilize next year. All of the above-mentioned factors are conducive to the issuance of state bonds. The authoritative person also said that when designing its plan, the relevant department gave more consideration to "walking the market line," and the purpose is to use the chance arising from the issuance of state bonds next year to further promote the establishment of a normal and sound market for issuing state bonds.

Official: 'Everything Ready' for GATT Reentry

HK0111145794 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 29 Oct 94 p 2

[By reporter Qin Jingwu (4440 0079 0582): "Long Yongtu, Assistant Minister of Foreign Trade and Economic Cooperation, Says at the Pacific Rim Forum Today That Only the 'East Wind' Is Lacking in Talks on China's Reentry to GATT"]

[FBIS Translated Text] Beijing, 29 Oct (RENMIN RIBAO)—When discussing the situation of China's reentry to GATT at the Pacific Rim Forum today, Long Yongtu, assistant minister of foreign trade and economic cooperation, said: "Everything is ready, and all we need is an east wind." The 'east wind' is the political sincerity of the major trading powers."

Long Yongtu said: In the last 10 years or so, China has continuously deepened reform, expanded and strengthened state-to-state economic and trade relations, and adhered to an omnidirectional opening-up to the outside

world. Apart from vigorously developing bilateral economic and trade relations, China hopes for regional economic cooperation through active participation in a multilateral trade system. Through years of efforts, China has achieved very great successes in improving its foreign economic and trade legal system. In May 1994 in particular, China promulgated the "Foreign Trade Law," which was enacted in accordance with GATT principles and China's own specific conditions. The law clearly stipulates: China pursues a unified foreign trade system and safeguards a fair and free foreign trade order according to law. In the future, China will continue to formulate a series of foreign-related laws and regulations commensurate with international standards, such as GATT and the agreement of the Uruguay Round talks. This is not only necessary for China's reentry to GATT but, more importantly, is completely identical with the China's goal of establishing a socialist market economy.

Most signatory states to the GATT have now reached a consensus: The negotiations on China's reentry to GATT should come to an end this year so that China will become a founding member of the World Trade Organization. In August this year, China submitted a package plan, including a list of tariff reductions and exemptions in farm products, nonfarm products, and service trades, to the signatory states. This was the tremendous effort China could exert as a developing country and in accordance with its current economic development level. China is now stepping up its efforts to negotiate with the signatory states.

Circular Issued on Foreign-Funded Firms' Trade Unions

OW0311043794 Beijing XINHUA Domestic Service in Chinese 1144 GMT 1 Nov 94

[FBIS Translated Text] Beijing, 1 Nov (XINHUA)—Today, the All-China Federation of Trade Unions [ACFTU], the CPC Central Committee Organization Department, the State Economic and Trade Commission, the Ministry of Foreign Trade and Economic Cooperation, the Ministry of Labor, and the State Administration for Industry and Commerce jointly issued a "Circular on Some Issues About Strengthening Work Regarding Trade Unions in Foreign-Funded Enterprises." In keeping with the spirit of the "Circular of the CPC Central Committee and State Council General Offices on Relaying the ACFTU's 'Report on Labor Relations and Progress in Establishing Trade Unions in Foreign-Funded Enterprises,'" the circular urged all localities to step up efforts to establish trade unions in foreign-funded enterprises, strengthen relevant work, and protect the legitimate rights and interests of workers and staff members in foreign-funded enterprises, so as to promote the healthy development of foreign-funded enterprises and further open up to the outside world.

The circular called for serious efforts in four aspects:

1) We should step up efforts to establish trade unions in foreign-funded enterprises, and recruit workers and staff

members into such unions as soon as possible. Utilization of foreign investment is an important aspect of the opening-up policy, which is also a national policy of fundamental importance to our country. To introduce foreign investment, we should continue to improve the investment environment, attract more foreign investors to China, and protect the legitimate rights and interests of foreign businessmen while persevering in administering affairs according to law so that foreign businessmen will observe our country's laws and statutes, and the legitimate rights and interests of their workers and staff members will be safeguarded. In recent years, the number of workers and staff members in foreign-funded enterprises has increased, along with the increasingly dominant position occupied by foreign-funded enterprises in the national economy. Accelerating the establishment of trade unions in foreign-funded enterprises is a pressing task that demands attention and support from party and political leaders at all levels and relevant departments. We should make overall plans for enterprises that have started operations but have not yet set up trade unions, make relevant arrangements, and work in concert to ensure the completion of the task of setting up trade unions. Plans should be made to set up trade unions when new foreign-funded enterprises are established. When making plans and conducting inspections regarding party building, party committees at all levels should also undertake similar efforts with respect to the establishment of trade unions. Departments in charge of foreign trade and economic cooperation, industry and commerce, and labor affairs, when approving contractual terms, accepting registration, and supervising labor matters, should strictly ensure and supervise the establishment of trade unions in relevant enterprises. Party and government organizations at all levels and enterprises without trade unions should give ardent support and provide guidance to workers and staff members and cooperate with them when the latter set up trade unions. To uphold the sanctity of law, unlawful practices which disturb or obstruct efforts to establish trade unions must be rectified in accordance with the law.

2) Trade unions should take into account the characteristics of foreign-funded enterprises when carrying out their work and playing their roles. First and foremost, trade unions in foreign-funded enterprises should fully play their roles in safeguarding the legitimate rights and interests of workers and staff members, and in promoting harmonious labor relations. While helping to expand production in their enterprises and improve efficiency, they should continue to improve the welfare, work environment, and labor conditions of workers and staff members, and strive to perform practical and good deeds for the latter in order to win their trust. We should establish a sound system which will allow trade union representatives to participate in the management of enterprises on behalf of other workers and staff members. We should improve the quality of our workers. We should encourage enterprises to conduct management

and administration according to law, teach workers and staff members about observing labor regulations, enforce rules on labor safety and health, organize campaigns that promote labor emulation and rationalization proposals, and arouse the enthusiasm of workers and staff members so that they will strive to accomplish production targets and contribute to the development of enterprises.

3) We should earnestly enforce the "Labor Law," strengthen legal institutions and labor supervision, and regulate and continue to improve labor relations in foreign-funded enterprises according to law. The "Labor Law of the People's Republic of China" is a basic law which protects the legitimate rights and interests of workers, and which fosters and preserves stable and harmonious relations between enterprises and workers. Where enterprises have committed such illegal acts as refusing to sign labor contracts with their workers and staff members, arbitrarily extending work hours, violating laws and regulations on labor protection and safe production, deducting wages or deferring wage payments without reason, treating their workers in an illegal way, wantonly employing child labor, or employing female workers in jobs wherein they are restricted from participating, trade unions reserve the right to ask the enterprises to take remedial actions, or ask relevant government departments to conduct investigations into relevant matters and deal with them on a case-by-case basis.

4) We should unify our thoughts, strengthen leadership, and ensure that trade unions in foreign-funded enterprises will carry out their work according to law with our support. Party organizations at all levels should include in their agenda the goal of strengthening work concerning trade unions in foreign-funded enterprises. They should intensify supervision and inspections, and promptly study and solve important issues which trade unions refer to party committees for discussion. Government departments in charge of economics and trade, foreign trade and economic cooperation, labor affairs, and industry and commerce should actively support and closely coordinate with trade unions when the latter carry out their work. They can hold regular meetings in the form of joint meetings, where they will brief each other, coordinate work, and make joint efforts to promote the establishment and work of trade unions in foreign-funded enterprises. Higher-level trade unions should support trade unions in enterprises when the latter request the government to deal with, strictly and according to law, enterprises which have committed such illegal acts as preventing workers and staff members from forming or participating in trade unions according to law, rejecting offers made by trade unions to hold consultations and negotiations, refusing to appropriate funds or embezzling and pocketing funds earmarked for trade unions, and seizing the property of trade unions.

Li Lanqing on Ways of Absorbing Foreign Capital
HK0211130094 Hong Kong TA KUNG PAO in Chinese
22 Oct 94 p 2

[By staff reporter Sun Yu-kuang (1327 3768 0342): "Li Lanqing Talks on Using Foreign Capital, Calls for Positively and Effectively Guiding Investment Direction"]

[FBIS Translated Text] Dalian, 21 Oct (TA KUNG PAO)—At a seminar on foreign investment in economic and technological development zones here, State Council Vice Premier Li Lanqing said that China will more positively and effectively use foreign capital, improve its structure, and enhance its level under the new situation.

He said emphatically: "Positively" means "relaxing" rather than "tightening" control. We must absorb and utilize foreign capital even more and better. This direction cannot be reversed under any circumstances. "Effectively" means guiding the direction of foreign investment with industrial policies and establishing more projects at a high technological level, so as to organically integrate foreign capital with the national economic development program and to attain mutually beneficial results.

He also made the following four proposals for absorbing foreign capital in the future:

First, foreign investment in China should change from short-term cooperation to long-term and strategic cooperation. He said: China's bright prospects for economic development and the tremendous market potential have attracted more and more foreign investors to come to China for investment and cooperation. However, the market development in a country is closely related to the economic development level of that country. At present, China is advancing by leaps and bounds in its drive for modernization, the industrial structure has been optimized and the technological level enhanced at an obviously rapid pace, and quite a few transnational corporations and major large foreign companies have made a great success of their investment in China, which is because they have based themselves on the future, kept strategic cooperation in mind, and made forward-looking investment deployment in light of the process of China's modernization drive. In the meantime, we should also note that China's market is no longer a closed and isolated one, but part and parcel of the international market. If foreign investors just aim at holding a share in this market and make no effort to develop an export-oriented economy and participate in international competition, they will gradually lose their advantages and eventually lose their share in this market. Therefore, we will focus our consideration of future cooperation between China and foreign countries on strategic cooperation. By strategic cooperation, we mean 1) adopting long-term rather than makeshift measures; 2) fully exploiting the advantages of both sides and integrating the advantages of one with those of the other; 3) basing cooperation on the latest technology and highly efficient management; and 4) facilitating competition in the market of the other side and adapting ourselves to the challenges and opportunities of the international market in the 21st century. At present, we are strengthening the role of industrial policies as a guide to foreign investment orientation, and strictly putting into practice the principle of transforming technology through the

market, in the hope that foreign investors will readjust their investment strategies in a timely manner.

Second, foreign investment in China should pay particular attention to grasping the trend of readjusting and changing the industrial structure. He said: Along with the rising land value and labor costs in recent years, the industrial structure has been readjusted and upgraded in the coastal region, and emphasis has been laid on the development of new high-tech industries, projects featuring high added value, high efficiency, and high standards, and an export-oriented economy that participates in international competition. Ordinary processing industries and labor-intensive industries are gradually moving to the interior. The momentum of this transference is rather conspicuous in the large cities such as Shanghai, Tianjin, Dalian, and Guangzhou, the development zones, and the special economic zones in Shenzhen, Zhuhai, Shantou, and Xiamen. Some major development zones in the coastal region have imported a number of new high-tech projects of transnational corporations and large companies outside the territory, and the burgeoning pillar industries are gradually taking shape. He hoped that foreign investors would seize the opportunity of the readjusting of the industrial structure and make positive use of the conditions in the coastal region in a timely fashion to invest in new high-tech industries so as to reap greater profits.

Third, foreign investors are encouraged to participate positively in the investment and development in China's central and western regions. He said: These are China's key development regions of the next century. At present, the investment environment there has improved to some extent, and the margin of increase in respect of foreign investment has exceeded that of the coastal region over the past two years. We have established a number of development zones in the capitals of the landlocked provinces as key zones for absorbing foreign capital. We will make further efforts to study some supporting measures, such as appropriately lifting control over the proportion of goods which are produced by foreign-invested enterprises for domestic sale; adopting even more favorable and flexible policies for the projects aimed at investing in and developing local natural resources and infrastructure facilities; allowing foreign companies which participate in investment in the central and western regions to set up "umbrella-type companies [san xing gong si 0270 0992 0361 0674]"; and encouraging the foreign-invested enterprises in the coastal region to reinvest in the central and western regions and open new enterprises there.

Fourth, it is necessary to reinforce the training of qualified personnel in the foreign-invested enterprises. He maintained that the key to doing a good job of investment cooperation between China and foreign countries lies in paying close attention to the training of qualified personnel, managerial personnel in particular. It is not a permanent solution to employ foreign managers for a long time, as this will only increase the operating costs of

the enterprises. With regard to training senior personnel responsible for operation and management, he is of the opinion that apart from sending some people to study in Hong Kong and foreign countries, foreign investors will be encouraged to set up scholarships in China's institutions of higher learning, or to cooperate with our tertiary institutions in running schools to train qualified personnel.

Overseas State-Owned Assets Increase 'Rapidly'

OW0311022094 Beijing XINHUA Domestic Service in Chinese 1143 GMT 1 Nov 94

[By RENMIN RIBAO reporter Li Jianxing (2621 1696 5281) and XINHUA reporter Zhang Jinsheng (1728 6930 0524)]

[FBIS Translated Text] Beijing, 1 Nov (XINHUA)—Information provided by the PRC's State-Owned Assets Administration today shows that China's overseas investments have amounted to tens of billions of U.S. dollars, that China has more than 10,000 overseas enterprises in more than 120 countries and regions on all five of the world's continents, and that the combined total assets of its overseas enterprises are nearly two trillion yuan.

Since the introduction of reform and opening up to the outside world, the Chinese Government has encouraged and helped the relevant departments and large- and medium-sized enterprises with financial strength to go out of the country and establish overseas enterprises to engage in diversified, group, and internationalized business operations. China's overseas enterprises' business operations involve foreign trade, real estate, information consultation, banking, insurance, dining, tourism, labor contracts, culture, education, health work, and technology development. Starting from a single trade, they have gradually moved toward diversified management and industrial and commercial operations.

The 1994 international symposium on the management of the state-owned assets of China's overseas enterprises, sponsored by the PRC's State-Owned Assets Administration and assisted by the Langda Public Relations Consultants' Company in Beijing, opened in Beijing on 1 November, with a view to summing up overseas state-owned assets management work over the past few decades and to improving this work. Zhang Youcai, director of the PRC State-Owned Assets Administration, spoke. More than 80 people, including responsible persons of China's relevant ministries and commissions and transnational group corporations, as well as Chinese and foreign experts and scholars, attended the symposium. Eleven Chinese and foreign experts and scholars delivered lectures on specialized subjects. From different aspects, they introduced the methods of managing state-owned assets and property rights of transnational corporations adopted by some countries, regions, and overseas enterprises, as well as their experiences in this regard,

and made useful suggestions concerning the development of China's overseas investment and the management of its overseas state-owned assets.

The participants to the symposium maintained that China is facing new challenges and opportunities in managing its overseas state-owned assets. Following the advance of the reform of the macroeconomic system and the deepening of the reform of the micro-enterprise system, China's enterprises will gradually enter the international market and link up with the international market economy. In the contemporary world today, high-tech, high-grade, and high-standard enterprises are developing in the direction of transnational management. This trend will accelerate the flow and integration of assets among various countries of the world. How to strengthen the management of the state-owned assets of overseas enterprises from the angle of the owners of state-owned assets has become an urgent issue. Therefore, the central task in connection with the management of China's overseas state-owned assets is to have a good understanding of state property and the handlers of property rights and to strengthen the responsibility of the handlers of property rights so as to preserve and increase the value of overseas state assets and prevent the loss of state assets.

Article Cites Wu Yi Speech on Foreign Trade

HK0311044894 Hong Kong TA KUNG PAO in Chinese
28 Oct 94 p 2

["Special article" by staff reporter Li Ping-hua (2621 3521 5478): "Wu Yi, Minister of Foreign Trade and Economic Cooperation, Describes Blueprint for China's Foreign Trade"]

[FBIS Translated Text] Beijing, 27 Oct (TA KUNG PAO)—The market with the greatest potential, the last, most exciting, and largest market—these expressions are being used by more and more people today to describe and assess the China market. Businessmen and investors from all of the developed countries are rushing to China lest they should miss the train that is quickly forging ahead. Such hopes and expectations on the part of people explain why a speech by Wu Yi, Chinese minister of foreign trade and economic cooperation, at the 1994 Pacific Rim Forum on 26 October drew extraordinarily great interest from the participants.

Wu Yi first stressed that China cannot go on with its development without the world and that the world needs China for its development as well. China takes the enhancement of foreign trade and economic relations as an impetus for economic growth and as a component part of its efforts to promote world peace and development. China attaches great importance to this and has made great progress in this regard.

China Plays an Increasingly Important Role

Statistics show that China has now established economic and trade relations with more than 220 countries and

areas in the world. A foreign economic relation and trade pattern has taken shape, under which commodity production, technology, funds, and labor services are combined and bilateral and multilateral economic relations and trade develop side by side. China has achieved amazing success in this area and is playing a more and more important role in global economics and trade. In 1993, China's import-export volume totaled \$195.7 billion, growth at an average annual rate of 16 percent since 1978, which was higher than its GDP growth and the growth in world trade during the same period. In 1993, China's import-export volume accounted for 2.5 percent of world trade, and its place among the other trading countries advanced from 32d in 1978 to 11th. From January to September this year, China's import-export volume increased by 22.1 percent over the same period last year, a balance was maintained between the import and export sectors while both grew, the balance of trade was substantially improved, and this year's gross import-export trade volume is expected to exceed \$210 billion.

By the end of June this year, the establishment of a total of 199,600 foreign-invested enterprises of various kinds had been approved, and the amount of foreign funds actually invested in China totaled \$76.5 billion. This year, China's attraction of foreign investment has continued to be strong. From January to August, foreign businessmen actually invested more than \$20 billion in China, an increase of 55 percent over the same period last year. Meanwhile, turnover of overseas contract work and labor services amounted to \$22.05 billion, and new advances have been made in all areas of economic and technological aid abroad.

Wu Yi believes that the less than seven years until the turn of the century will be an important period in the development of human history. Since the end of the Cold War, all countries have taken the enhancement of their comprehensive national strength as a development aim. The economy is picking up in many countries after structural readjustment, and the Asia-Pacific region's economy is full of vigor. China, with more than one-fifth of the world's population, will accomplish the second phase of its modernization program, specifically, a well-off living standard, GNP per capita of \$800, and a GNP exceeding \$1 trillion. In the wake of economic development and scientific progress, economic ties and exchanges between different countries have become closer and closer, which has had an important influence on world peace and development as two focuses of major concern.

Wu Yi outlined to the forum participants the future great market of China. She said: The next few years will be the crucial stage for China to speed up establishing a socialist market economy and to achieve the strategic goal of the second phase of its modernization program. In order to meet the needs of modernization and according to forecasts on the development trend of foreign trade, China's gross annual import-export volume will reach \$400 billion by 2000, both import and

export volumes will exceed \$200 billion, and the aggregate import volume for the few years ahead until 2000 will outstrip \$1,000 billion. At the same time, China's exchanges and cooperation with foreign countries in the fields of investment, exports of labor services, and technology will be upgraded to a new level.

Two Focal Points for the Future

Talking about China's efforts to further develop foreign economic relations and trade now and in the future, Wu Yi placed stress on two points: First, China will carry on reform of the foreign trade structure in depth to establish a new-type foreign trade structure which will suit the needs of the socialist market economy in China and meet international trade requirements as well. While pursuing its efforts to further perfect its export structure, China will focus its attention on reforming its import management structure, and exports will be mainly regulated by economic and legal means; China will protect its underdeveloped industries according to the regulations laid down by the GATT and will offer equal opportunities for foreign goods to gain access to China's market. China will strive to make its policies on foreign economic relations and trade better centralized and better publicized. Legislation related to foreign economic relations and trade will be speeded up, and, on the basis of the Foreign Trade Law, the formulation of other supporting laws and ordinances will be speeded up as well. China plans to build up its legal system governing foreign economic relations and trade within three years or so.

Second, China will cultivate a still better environment to actively and efficiently attract foreign investment. As far as this is concerned, the main task now and in the future is to perfect preferential policies for attracting foreign investments along with the process of the establishment of a socialist market economy in China, increase step by step the variety of fields for foreign investment, and relax controls on businesses that serve trade and investment. Regarding the attraction of foreign investment, stress will be laid on the energy industry, communications, transport, and basic industries, as well as projects related to basic industries involving advanced technology, and foreign businessmen will be encouraged to invest in central and western China, which is one of the strategic focal points of China's economic development. China's aim in improving its investment environment is to grant national treatment to foreign-funded enterprises and to allow them to invest and do business in China according to international practices.

Concern About Anti-Dumping Issue

Wu Yi expressed her great concern about some countries' adopting anti-dumping measures against Chinese products. She said: The Chinese Government has always opposed dumping practiced by enterprises. As a developing country, China has no resources to support dumping. As a matter of fact, certain Chinese enterprises

have been involved in dumping, and we have no objection to penalties imposed by foreign countries on these enterprises. Nevertheless, we would like to point out that there have been great changes in China's economic structure and enterprise operational mechanism over the past 16 years of reform, enterprises nowadays enjoy the right to set prices for their products, and the Chinese government also demands that enterprises take part in legitimate competition according to business regulations. In spite of this, certain countries still regard China as a country practicing the planned economic system, and they often judge dumping cases with unfair and nonobjective criteria. As a result, quite often all enterprises in the same trade are indiscriminately subject to penalties which are only deserved by individual enterprises in their trade. We can never accept this, let alone trade protectionism practices under the pretext of anti-dumping operations, which China resolutely opposes.

Wu Yi said: China is willing to get involved in the economic development of foreign countries through various forms of cooperation, and China expects foreign enterprises to explore its huge domestic market. Enterprises from all countries enjoy equal opportunity to gain access to China's markets. In promoting foreign economic relations and trade, China upholds the principle of a combination of bilateral and multilateral economic relations and trade, advocates and steadfastly observes international practices, opens its market to other countries, and opposes protectionism. Of course, opening markets is a mutually beneficial two-way practice. So China on its part hopes that all its trade partners will open their own markets as well and will take action to remove various forms of trade barriers.

Taxation Bureau Inaugurated 26 Oct

OW0311092994 Lhasa Tibet Television Network in Mandarin 1200 GMT 1 Nov 94

[From the "Regional News Hookup" program]

[FBIS Translated Text] On 26 October, the Nagqu Prefectural State Taxation Bureau held a ceremony to mark its formal inauguration, indicating a big stride in the financial and taxation restructuring of Nagqu Prefecture.

At the ceremony, (Zhisong), deputy commissioner of the Nagqu prefectural government administration, urged taxation cadres to continually promote the unusual spirit of enduring hardship and waging struggles, and to honestly and effectively accomplish central and local taxation tasks so as to make fresh contributions to Nagqu Prefecture's economic progress.

Bureau Reports Growing Consumer Goods Market

OW0311061894 Beijing XINHUA in English 0539 GMT 3 Nov 94

[FBIS Transcribed Text] Beijing, November 3 (XINHUA)—Growth in the sales volume of consumer goods

nationwide picked up speed in the first three quarters of this year, according to the State Statistics Bureau (SSB).

During the January-September period, the sales volume of consumer goods across China reached 1,112.2 billion yuan (127.8 billion U.S. Dollars), up 28.3 percent over the same 1993 period, or a net increase of 6.1 percent in real terms.

The consumer goods market in July and August, usually a slack season, was unexpectedly brisk. The growth rate in the two months reached 29.9 percent and 34 percent respectively. The increase rate for September was 36.4 percent.

SSB said that consumer demand in the first three quarters grew side by side with a fast growth in the income of urban and rural residents.

Statistics show that in the first nine months Chinese banks paid out 41.3 percent more than in the corresponding period of last year to individuals in the forms of salary and other items.

Per capita income soared by 33 percent for urban Chinese residents during the period, and by 34 percent for rural residents.

Investment in fixed assets by state-owned bodies nationwide during the January-September period was 43.4 percent more than in the same period of last year, according to SSB.

The gap in the growth rates between urban and rural areas by the end of September narrowed to five percent, down from last year's 12.9 percent, SSB said.

It said price hike of consumer goods continued in the January-August period, with retail sale prices soaring 20.4 percent on the same period of last year.

Economists here said that sustained rapid economic growth and severe floods in south and north China, and drought in central China were among the major factors behind price hikes.

State Funds Subsidize Steel Firms, Ease Stockpiles

HK0311083394 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0916 GMT 23 Oct 94

["Special article" by Si Liang (1835 5328): "China Vigorously Reorganizes Steel Products Market"]

[FBIS Translated Text] Hong Kong, 23 Oct (ZHONGGUO TONGXUN SHE)—After experiencing an abrupt rise and fall last year, the steel products market in mainland China has been sluggish since the beginning of this year. The mainland authorities have adopted a series of policies and measures to standardize and manage the steel products market in order to bring about a balance, more or less, in the supply and demand of steel products as soon as possible and to promote the healthy development of the iron and steel industry.

In the first half of last year, capital construction was carried out over a large area of mainland China and a craze of using steel and speculation in steel emerged. Steel product prices soared to a record high in China and were even higher than international prices. In the second half of last year, the state adopted macroregulation and control measures, and the steel products market suddenly fell to its lowest level. Prices of steel products stayed at a low level. This falling trend continued in August this year. Prices of some steel products on the spot market dropped to their lowest point since January last year.

Authoritative people in the iron and steel industry pointed out that by the end of August this year, prices of steel products had dropped nearly 20 percentage points compared with those in the same period last year. According to the comprehensive production cost level of the iron and steel industry on the mainland at present, if prices continue to fall uncontrollably, only a small number of enterprises with better production conditions can withstand falling prices, while some large and medium-sized enterprises will still be able to operate without losing money. Large numbers of enterprises with poorer production conditions, which mainly depend on imported ore and allocated ingots for production, will probably suffer losses. Undoubtedly, this will be harmful to the healthy development of the iron and steel industry.

Faced with an abrupt rise and fall in the price of steel products and problems reflecting a decline in the industry, concerned departments of the Chinese Government have, since the beginning of the second quarter, strengthened management and intervention in the steel products market.

First, they have strengthened regulation, control, and guidance of steel product prices, the standardization of the pricing behavior, and the prevention of abrupt rises and falls in the price of steel products.

In April this year, the State Council clearly ordered a halt to standardized futures contract transactions. In May, the State Planning Commission issued a "Circular on Strengthening the Management of Iron and Steel Product Prices." While removing restrictions on the price of most iron and steel products, the system of state guiding prices and the system of applying for and reporting on price rises for steel products in short supply have been implemented. Recently, specific standards have also been set for transportation charges and other services in buying 10 kinds of steel products managed by material management enterprises directly under the departments concerned.

Second, the state has used large amounts of funds to collect and store some stockpiled steel products to ease difficulties in the production and management of key iron and steel enterprises caused by excessive stockpiling.

At present, the stockpiled volume of steel products of the whole society on the mainland is around 30 million tonnes. The state has also decided to use funds to increase the collected and stored volume from 800,000 tonnes to 2 million tonnes for the year as a whole and to allocate 3.9 billion yuan of additional loans for working funds to 72 iron and steel enterprises to encourage and support these enterprises to increase their exports of steel products.

Third, the total volume of steel product imports has been put under strict control, the import registration system has been instituted to curb illegal imports of steel products, and the smuggling of steel products has been severely dealt with to safeguard the normal production of steel products in China.

Since quotas and permits for steel products were abolished at the end of last year, excessive and illegal imports of steel products are a major cause of confusion in the steel products market on the mainland. This year, the mainland originally planned to import 12 million tonnes of steel products, but imports in the first eight months were already close to 15 million tonnes, of which 70 percent was of over-supplied goods which the mainland has full capacity to produce. In July and August, a total of 5.62 million tonnes of steel products were imported, of which as much as 50 percent was brought in by illegal means or by smuggling.

Not long ago, the State Council officially issued a "Circular on Improving Management of Steel Product Imports" and set up a national group to be specially in charge of steel products. According to new control measures, steel products imported by foreign-invested enterprises for construction and steel products imported by export industries for production cannot be sold in the market. If so, they will be confiscated as contraband. Steel products whose importation has been approved by special economic zones, development zones, or bonded zones cannot be used outside these zones.

Fourth, the unified allocation system for the purchase and marketing of steel products on the mainland will be replaced by an agent system. Goods will be ordered by the state and production enterprises and users will directly sign long-term contracts for rationing at fixed supply points. Besides, a unified national steel product market system network which converges with the international market and which has wholesale businesses at various levels will be established so that domestic steel resources can be rationally distributed.

Personalities in the steel industry pointed out: With the accelerated progress of standardization, the steel products market in China will gradually become stable and orderly. Increasing real demand for steel products resulting from the high-speed development of the Chinese economy will soon turn the steel products market into a garden full of the vigor of springtime again.

State-Owned Firms Selected for Reform Project

OW0211140494 Beijing XINHUA in English 1346
GMT 2 Nov 94

[FBIS Transcribed Text] Beijing, November 2 (XINHUA)—China has selected 100 large- and medium-sized state-owned enterprises for a pilot program to conduct modern enterprise system reforms, high-ranking government officials said here today.

The move was designed by the central government as part of ambitious efforts to improve the efficiency of these enterprises, which are backbone of the national economy.

Among the selected state-owned firms are Benxi Iron and Steel Company, Shanghai Automobile Corporation, Jianshe Industrial Corporation (Group) and Tianjin Automobile Corporation.

China Petrochemical Corporation, China Aviation Industry Corporation, and China National Non-Ferrous Metals Leasing Co., Ltd. Have been chosen by the central government to conduct similar reforms as state-holding companies.

Speaking at a national meeting on the establishment of modern enterprise system in the pilot enterprises, Wang Zhongyu, minister of State Economic and Trade Commission, said the reforms aim to turn the enterprises into efficient legal entities independent of administrative interference and responsible for their own profits and losses.

Success should be made in two years' time, starting next year, the minister said.

Major efforts will be made to tackle what the minister called the top priority but difficult issues, including setting straight the relations between ownership and management of enterprises, making clear the principal part of investment and turning the selected enterprises mainly into liability limited ones, increasing their capital after evaluation of their assets, and gradually removing their burdens, such as redundant personnel.

About 44 percent of state-owned enterprises under the state budget were operating in red during the first nine months of this year, with a total loss of 29.2 billion yuan.

By the end of last year, profits and taxes made by China's large and medium-sized enterprises account for 59 percent of the total generated by the nation's industrial firms.

Forty Percent of State Enterprises Suffer Losses

HK0311073094 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0938 GMT 27 Oct 94

[FBIS Translated Text] Beijing, 27 Oct (ZHONGGUO TONGXUN SHE)—Ding Ningning, director of the Enterprise Department of the State Council Development Research Center, recently revealed that since the

beginning of this year a large proportion of state-owned enterprises in China had incurred business losses, with such enterprises accounting for over 40 percent of the total number of state-owned enterprises.

Ding said: In addition to some long-term factors, losses were also related to the following short-term factors. After the new financial and accounting regulations were put into practice in July last year, some state-owned enterprises following the old accounting systems to calculate their profits became loss-making enterprises. The impact of taxation reform on the enterprises also occurred this year. Because the tax reform measures were put into practice rather hastily, enterprises had to adapt themselves to the new rules over a short period of time. Another major factor is the heavy tax burden borne by state-owned enterprises, which must hand over a substantial part of their profits to the state. The tax burden borne by Chinese enterprises is heavier than that of U.S. enterprises.

Ding said: In general, the debt ratio incurred by enterprises is too high. The ratio is generally above the 50-percent level. If this is not changed, no matter what changes are made in the management system, a large proportion of state-owned enterprises will continue to incur business losses.

'National Models' for State Enterprises

HK0311091194 Beijing CHINA DAILY in English 3
Nov 94 p 1

[By Sun Shangwu: "100 Firms to Pioneer Enterprise Overhaul"]

[FBIS Transcribed Text] The State Council, China's cabinet, has selected 100 large and medium-sized State-owned firms to spearhead the "modern enterprise system," in preparation for a full-scale restructuring of State enterprises next year.

The 100 firms will serve as national models to help the country's ailing State-owned firms get out of their chronic trouble.

"The establishment of a modern enterprise system aims at finding the best way to effectively link public ownership with a market economy," Vice-Premier Zou Jiahua told a national meeting in Beijing yesterday.

Most of the selected State enterprises are among the better-managed but some of them are in poor shape.

The firms were selected to reflect the different conditions existing in different areas and industrial sectors.

The firms include the Beijing First Light Industry Corp, the Taiyuan Heavy Machinery Group, the Shanghai Automobile Industry Co, the Shenzhen Goods and Materials Co and the China National Complete Plant Import and Export Corp.

Zou stressed that no preferential treatment will be given to the pilot firms, to ensure that their experience can be applied nationwide.

"The reform of State-owned enterprises should be integrated with reforms in other areas, such as finance and the social security system," he said.

He urged government officials at all levels to learn the meaning of the modern enterprise system.

"Though the corporation is the main organizational form of the modern enterprise system, this does not mean that all firms should be transformed into corporations."

The pilot reform measures must be carried out strictly according to the Company Law, and governments at all levels will be prohibited to interfere in the management of the enterprises, he added.

The State Economic and Trade Commission will be responsible for overseeing the nationwide reform project and 15 other government departments are invited to participate.

They include the State Commission for Economic Restructuring, the State Planning Commission, the Finance Ministry, and the People's Bank of China.

Wang Zhongyu, minister in charge of the State Economic and Trade Commission, told the meeting that a system will be established among the departments to coordinate the reform.

He urged government officials at all levels and pilot enterprises to draft detailed reform programmes.

"All these programmes should be reported to the relevant provincial and central government departments for the record," he told the meeting.

Government departments will guide the work of the pilot firms according to the country's industrial policy and development plans.

He urged local officials to send investigation teams to the pilot firms to monitor the reform process and help them resolve problems.

Economic Reform To Focus on Enterprises 'Next Year'

HK0311095094 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1210 GMT 29 Oct 94

[FBIS Translated Text] Beijing, 29 Oct (ZHONGGUO TONGXUN SHE)—Wang Shiyuan, vice minister of the State Commission for Restructuring Economic System, recently revealed here that reform next year would be focused on the microeconomic aspect in connection with the macroeconomic reforms, and efforts would mainly be made to promote the reform of state-owned enterprises in order to establish a modern enterprise system.

At the 14th International Seminar on Enterprise Management, Wang Shiyuan expressed his opinion on reform. He said: This year's reform of the financial, tax, banking, and foreign exchange systems marked a decisive step in the establishment of the socialist market economic structure, and the intensity, depth, and breadth of the reform were all unprecedented.

Wang said: The reform of the social insurance system, including pensions insurance, unemployment insurance, and health insurance, and the work of cultivating the market system will continue in a well-coordinated way. The program for the social insurance system has taken form in the main and will be put into practice next year. In cities and towns, pensions and medical care for workers will be arranged according to the principle of combining social coordination and personal accounts and sharing costs by both individuals and society. Reforms in other fields, such as rural reform and foreign investment reform, will also continue next year.

River-to-Sea Ship Sets Sail for Japan

OW0311032394 Beijing XINHUA in English 0249
GMT 3 Nov 94

[FBIS Transcribed Text] Beijing, November 3 (XINHUA)—Today's news briefs:

Paintings To Be Auctioned

A fair to auction Chinese paintings, calligraphic works and oil paintings will be held on December 18 in southern China's Shenzhen Special Economic Zone. Some 170 pieces of artistic works from 142 painters and calligraphers will be auctioned at the fair.

Cargo Ship Sails to Japan

A large cargo ship, "Tong Bing", sailed from Fuyuan port in northeast China's Heilongjiang Province for Japan on October 29. The 3,000-ton river-to-sea ship, which will arrive in Japan within six days of sailing, is said to be able to sail to all sea ports in the world.

Paperboard Production Line

An advanced corrugated paperboard production line, said to be one of the most sophisticated in China, has been put into operation in Chongqing city in southwest China's Sichuan Province.

The production line is capable of producing 260 meters of paperboard a minute and is controlled by computers. It has a annual production capacity of 70 million square meters, which will be used for packaging such vehicles as motorcycles and minivans on long-distance transport.

Largest Aviation Network Formed in East China

OW0311115994 Beijing XINHUA in English 1120
GMT 3 Nov 94

[FBIS Transcribed Text] Beijing, November 3 (XINHUA)—The largest aviation network has been formed in east China's fast-developing coastal region.

East China has 22 airports for civilian use, accounting for 27.5 percent of the country's total. The airports can transport a total of 7.56 million passengers every year, according to an official of the East China Civil Aviation Bureau.

After the replacement of all the outdated Tridents or Boeing-707s, the airports have 87 large and medium-sized aircrafts serving 259 domestic and 30 international routes since 1984 when they were operational, he said.

"Meanwhile, locally-owed civil aviation companies are mushrooming. In addition to China Eastern Airlines, Shanghai, Xiamen, Zhejiang, Nantong, Fujian and Nanjing all have their own civil aviation companies," he noted.

Moreover, the authority also plans to build 17 more airports including the Pudong Airport, he added.

In addition, expansion of the Hongqiao International Airport and 16 other airports will also start soon.

Figures Show Shareholding Enterprises Prospering

OW0311025094 Beijing XINHUA in English 0145
GMT 3 Nov 94

[FBIS Transcribed Text] Shanghai, November 3 (XINHUA)—Shareholding enterprises are playing an important role in China's economy, according to official statistics.

To date, China lists only 170 out of hundreds of thousands of enterprises on its two stock exchanges (located in Shanghai and Shenzhen, respectively). However, they hold 54 and 50 positions in the 500 enterprises with the most profits and taxes.

In June eight shareholding companies were rewarded for their outstanding operation, and 19 presidents of shareholding companies were honored as excellent entrepreneurs.

A survey indicates that three of the ten largest and most efficient non-state-owned enterprises are shareholding entities.

Among the top 180 trading enterprises, 27 are shareholding companies, according to figures released by the State Statistics Bureau and the Ministry of Internal Trade.

The National Association of Large-Scale Department Stores has been renamed the China Association of Commercial Shareholding Enterprises, aiming to promote exchanges between its members.

The Ministry of Foreign Trade and Economic Cooperation disclosed that two of the ten enterprises earning the most foreign exchange are shareholding concerns.

By the end of July this year the number of shareholding companies had reached 54,500, according to the State Administration for Industry and Commerce.

The shareholding enterprises recorded better economic efficiency than before they adopted the new system, an investigation done by the China Enterprise Evaluation Center revealed.

Chen Junsheng Urges Lightening Farmers' Burdens

OW0211135894 Beijing XINHUA Domestic Service in Chinese 0846 GMT 1 Nov 94

[By RENMIN RIBAO reporter Xia Jun (1115 0193) and XINHUA reporter Chao Wen (6872 2429)]

[FBIS Translated Text] Beijing, 1 Nov (XINHUA)—At the national meeting on the work of supervising and managing farmers' burdens, which closed here today, State Councillor Chen Junsheng stressed: As lightening farmers' burdens is important, it must never be overlooked, and efforts in this regard must never be slackened. The central authorities have announced the cancellation and suspension of a number of levies on farmers. These levies are not to be restored before they are straightened out.

He pointed out: Marked results have been made in lightening farmers' burdens, but the question of farmers bearing excessive burdens is far from being solved. We are still faced with a grim situation. If efforts are slackened, our work of the past few years will go down the drain, and the problem of farmers' burdens will come back. In particular, this year's agricultural situation is not bad, and the farmers' income is expected to increase considerably. Under these circumstances, we should make greater efforts to prevent the indiscriminate imposition of levies on farmers to ensure that farmers can increase production and income. Meanwhile, proper arrangements should be made to facilitate the people's production and lives in disaster-stricken areas.

On seeking good measures for reducing farmers' burdens, Chen Junsheng stressed: We should have foresight in solving the problem of farmers' burdens. This means we should consider both immediate and long-term interests, and we should deepen our work step by step. In view of immediate interests, the starting-point and basic requirements in carrying out this work are to impose controls according to law, straighten things out through comprehensive efforts, intensify supervision, and ensure

the smooth flow of government decrees so as to guarantee the implementation of the promulgated policies and measures for reducing farmers' burdens. In view of long-term interests, it is necessary to lose no time in finding an effective policy for reducing farmers' burdens while keeping in mind the needs of developing the economy and deepening reform. It is necessary to handle the following four relationships well: the relationship between protecting farmers' interests and accelerating economic development; between reducing financial burdens and reducing farmers' burdens; between creating achievements in one's official career and following policies; and between reducing farmers' burdens and developing village-run enterprises.

He called on relevant departments to form a combined force for reducing farmers' burdens by taking unified action, carrying out their respective functions, and preventing indiscriminate imposition of levies on farmers. The leading comrades of governments at all levels should create favorable conditions for this work. The principal leaders of party and government organizations should grasp this work personally and assume overall responsibility for it in accordance with the central authorities' requirements.

Progress Reported in National Soil Survey

OW0311024094 Beijing XINHUA in English 0152 GMT 3 Nov 94

[FBIS Transcribed Text] Nanjing, November 3 (XINHUA)—China made notable achievements in its nationwide soil survey, according to the second national meeting on land surveying held here.

The survey, which began in 1979 and concluded this year, covered 2,444 counties of 295 prefectures and cities in 30 provinces, autonomous regions and municipalities, as well as 312 state farms and 44 forest zones.

Scientific workers involved in the survey have presented treatises comprising more than nine million characters, collected 138 photographs, and established a computerized data bank on the nation's distribution.

The survey has made clear the characteristics of different types of soil and their contents. Low-yielding farmland accounts for 37.3 percent of the total covered by the survey.

According to scientists, the survey has paved the way for China to make scientific use of its land resources and carry out its overall agricultural development program.

China has upgraded 6.7 million ha of low-yielding farmland since 1988.

East Region

Car Smuggling From Hong Kong to Coastal Provinces

HK0311070794 Hong Kong LIEN HO PAO in Chinese
25 Oct 94 p 3

["Special article" by staff reporter: "Coastal Provinces and Cities Take Advantage of Preferential Policies To Smuggle Cars in Through Hong Kong Companies"]

[FBIS Translated Text] At a time when the mainland government is devoting itself to a crackdown on car smuggling activities, some provincial and city governments along the coast and the border are still overtly "smuggling" cars by taking advantage of special preferential policies granted by the central authorities. Quite a lot of bonded zones have become the main channel for smuggling cars into the mainland.

It is known that since letters of authorization for mainland foreign-invested enterprises' importing duty-free cars were declared null and void this year, governments of certain coastal opening-up provinces and cities have been transiting Japanese and ROK cars to the mainland through Japanese and ROK companies in Hong Kong by taking advantage of a number of preferential policies granted to them by the central authorities, including tax-free petty border trade, free trade bonded zones, and reciprocal border trade.

According to the persons in charge of the relevant Hong Kong companies, some provincial and city governments along the coast and the border have asked their companies to have Japanese and ROK sedans imported into these localities and to ship foreign cars to the mainland in the name of importing electromechanical products. On the part of foreign companies, they are willing to organize the sources of the cars and to export them to the mainland in bulk since mainland local governments' car purchase is a normal export trade which is of benefit to their own countries; however, on the part of the mainland central authorities, local governments importing cars without authorization is tantamount to smuggling.

Certain coastal provinces on the mainland, by breaking the whole into parts and in the form of importing car parts, are shipping foreign car parts to bonded zones for re-assembly and then reselling the cars to other mainland provinces and cities. Since those local governments are in collusion with the customs, the import of these cars and parts need not be declared. Moreover, some local governments have allowed the resale of imported duty-free ROK cars to other parts of the country by exploiting the loopholes in the policy of tax-free petty border trade with the ROK granted by the state to those localities.

Regarding local governments' car smuggling, relevant mainland departments have taken measures to sternly crack down on it but, since the localities have their

countermeasures to neutralize policies implemented by the higher authorities, the central authorities can do nothing about it.

Anhui Governor Fu Xishou Views Economy

OW0311093894 Hefei Anhui People's Radio Network in Mandarin 1100 GMT 1 Nov 94

[From the "Provincial Hookup" program]

[FBIS Translated Text] A provincial meeting of prefectural commissioners and city mayors was held in Huangshan from 25 to 29 October. Governor Fu Xishou pointed out during the meeting: In order to maintain the good momentum of economic development in this province, we must, in light of our reality, accelerate the pace of reform, open up the province wider to the outside, cultivate new fields of growth, and make new progress in economic development.

Vice governor Wang Yang, Wang Zhaoyao, Du Yijin, Zhang Runxia, and Wang Xiuzhi also attended and addressed the meeting. Present at the meeting were Liu Yongnian, acting secretary general of the provincial government; commissioners and mayors of 16 prefectures and cities; and responsible persons of the provincial departments for overall economic balancing.

The attendees said during the meeting: This is a year in which we are carrying out a package of reforms. All localities in Anhui, taking reform as a motive force, have made new breakthroughs in all fields of the economy.

While affirming this year's economic development in the province, they analyzed the problems existing in present economic life and social development. They discussed and made preliminary arrangements for next year's economic work.

Fu Xishou pointed out: A general demand set for next year's economic work is to continue to maintain a sustained, rapid, and healthy economic development. In order to do so, we must take bigger strides in reform; and this is a matter of prime importance which we must consider when we plan next year's work. According to the central plan, the emphasis of reform will be shifted step by step next year from macro-reform to micro-reform focused on enterprise reform. So, we will have some tasks to perform. On the one hand, we should seriously implement the unified central plan. On the other, we should display a subjective initiative, consider our reality, make breakthroughs in new areas, and broaden the fields of reform. We should boldly carry out an experiment or a reform once we are certain of its success.

Fu Xishou said: The objective of enterprise reform next year is to establish a modern enterprise system. We should strive to make breakthroughs in separating government functions from enterprise management, in improving enterprise management, and in social security.

Fu Xishou emphasized that while deepening reforms, we should strive to create a new situation of opening up. He pointed out: First, we should make efforts to improve the soft environment. All departments and organizations handling foreign investment-related matters should strive to improve their working methods, work style, and service, and ensure that foreign investors' legitimate rights and interests are protected. Second, we should emancipate our minds, change our concepts, and try in every possible way to enhance our attraction to foreign investment.

On some hot issues in present economic life, Fu Xishou said: The commodity prices are an issue which the entire society is concerned about. Our price control measures this year are mainly administration means, including rectification of the commodity circulation process, and the measures have yielded quite successful results. We should continue those measures next year. However, from a long-term point of view, we should use economic means, and step up market regulation and control.

On how to make some enterprises turn from deficits to profit, Fu Xishou said that the problem of some state-owned enterprises suffering losses due to various reasons has been quite conspicuous since the beginning of this year. He urged industrial enterprises to make efforts to accelerate technical innovation and develop new products, and called on local authorities to create a good environment for enterprises to develop production.

Fu Xishou also issued some instructions on how village and town enterprises should improve economic efficiency while making rapid progress, on how to correctly deal with the new situation of grain purchases and sales, and how to solve the fund shortage problem in economic construction.

During the meeting, the leaders of 16 prefectures and cities and the heads of various provincial departments delivered reports on the work of their locality and department this year, and their work plans for next year. The provincial government separately signed joint pledges on commodity price control with the leaders of the 16 prefectures and cities.

Shandong Holds Meeting on Consolidating Work

SK0211053494 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 1 Nov 94

[FBIS Translated Text] The Shandong Provincial CPC Committee held a meeting of party-member leading cadres in Jinan on 1 November to relay the decision of the CPC Central Committee on readjusting the leading bodies of the Shandong Provincial party committee and government and work out plans for implementing the guidelines of the national work conference on building rural grass-roots organizations.

Jiang Chunyun, member of the Political Bureau of the CPC Central Committee and secretary of the Secretariat, attended the meeting and gave an important speech.

Zhao Zhihao, secretary of the Shandong Provincial party committee and governor, and Li Chunting, deputy secretary of the provincial party committee and vice governor, addressed the meeting respectively. The meeting was presided over by Han Xikai, deputy secretary of the provincial party committee.

In his speech, Jiang Chunyun set forth hopes and demands on the readjusted leading bodies of the provincial party committee and government. He said: Fundamentally speaking, Shandong's present good situation is benefited by the guidance of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, the correct leadership of the CPC Central Committee and the State Council, the unity of the members of the provincial party committee, the unity of the several major leading bodies of the provincial authorities, the unity between the Army and the government and between the Army and the people, the unity between old and new cadres, and unity between the higher and the lower levels across the province. Jiang Chunyun said: Uniting as one and doing our work with concerted efforts constitute one of our fundamental experiences in making achievements in economic and social development. We should strive to consolidate and develop Shandong's excellent situation. In the future the provincial party committee and government should uphold not only the existing good ideas, good experiences, and good work methods, but should also do a good job in combining the spirit of the central directives with Shandong's reality, continue to implement the general task of the whole party and the country on seizing the opportunity, deepening reform, expanding opening up, accelerating development, and maintaining stability, correctly handle the relations between reform, development, and stability, and raise all of Shandong's fields of work to a new level. It is necessary to strengthen the self-development of the leading bodies of the provincial party committee and government, conscientiously implement the party's democratic centralism in line with the spirit of the Fourth Plenary Session of the 14th CPC Central Committee, cultivate the sense of the overall situation, consciously safeguard the authority of the CPC Central Committee and the State Council, and maintain a high degree of political unity with the CPC Central Committee. Further efforts should be made to change work style, go deeply to the reality of life and to the masses, care for the hardships of the masses, help them eliminate misgivings and difficulties, speak less empty talk, do more practical things, and through strengthening of self-development, build the leading bodies of the provincial party committee and government into ones that are politically firm and can fight in unity, seek truth from facts, do practical work, advance in a pioneering spirit, blaze new trials, and are honest and diligent in administration and can maintain close ties with the masses and stimulate and promote Shandong's all fields of work to a new stage.

In his speech, Zhao Zhihao said: For many years in the past, under the correct leadership of the CPC Central Committee and the State Council, all members of the

provincial party committee and the people across the province have taken Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics as the guidance, conscientiously implemented the party's basic line and all principles and policies, emancipated their thinking, sought truth from facts, advanced in a pioneering spirit, worked in unity, did practical work, achieved noticeable results in building the two civilizations, and made big strides in reform and opening up. During this period, the development of economic construction and all social undertakings was the best and the most rapid one since the founding of the country. We should continue to consolidate and develop this excellent situation. Members of the provincial party committee should continue to persist in emancipating thinking and seeking truth from facts, uphold the party's basic line and the principle on party spirit, persist in stressing unity, paying attention to the overall situation, observing discipline, deepening reform, expanding opening up, and maintaining a sustained, rapid, and sound economic development, and realize the objective of achieving a 700 percent increase in GNP by the end of this century and attaining the well-to-do level. Presently, we should do a good job in the next two months' economic work, financial and taxation work, and the purchase of grain, cotton, oil-bearing crops, ensure supply to the urban areas, and conscientiously attend to the work of controlling commodity prices. We should do a good job in implementing the decision of the Fourth Plenary Session and the spirit of the national conference on building rural grass-roots organizations, successfully carry out party building work, continue to conduct anticorruption struggle, and comprehensively improve the management of public security. It is necessary to firmly keep in mind the purpose of serving the people wholeheartedly, be responsible to the party and the people, build Shandong into a better place, make more contributions to the state, and let the CPC Central Committee enjoy an ease of mind and the people across the province feel content.

At the meeting, Zhao Zhihao also relayed the spirit of the national conference on building rural grass-roots organizations, and set forth demands on the province on how to implement the conference spirit.

Attending this meeting were members of the standing committee of the provincial party committee, members of the leading party group of the provincial people's congress standing committee, members of the leading party group of the provincial government, specially invited advisers, members of the leading party group of the provincial committee of the Chinese People's Political Consultative Conference, deputy secretaries of the provincial discipline inspection commission, secretaries of the party committees of various cities and prefectures, party committee secretaries of various large enterprises, party committee secretaries of institutions of higher learning in Jinan, principle responsible comrades of various departments and committees of the provincial party committee, secretaries of the leading party groups

and party committees of various government departments, secretaries of the leading party groups of various mass organizations, and veteran comrades at and above the provincial deputy director level.

Shanghai Boosts Textile Industry With Overseas Funds

OW0211070094 Beijing XINHUA in English 0633
GMT 2 Nov 94

[FBIS Transcribed Text] shanghai, November 2 (XINHUA)—Shanghai expects its number of overseas-funded textile plants to grow from 219 now to 400 by the year 2000, a textile industry official said here today.

Liu Yaqing, director of the Municipal Textile Industry Bureau, said that by then the city's annual output value from textile products will top 20 billion yuan (about 2.3 billion U.S. dollars), compared with the present four billion yuan.

Meanwhile, the number of spindles will drop from 2.58 million now to two million, and the number of employees will decline from 490,000 now to between 250,000 and 350,000, Liu said, noting that the technology involved will be upgraded.

According to Liu, these are some of the near-term targets for the city's textile industry.

She disclosed that Shanghai will further open its textile market to overseas investors and customers, in a bid to meet the ever-tougher challenges facing the city's textile industry, which has been one of the city's major sources of capital accumulation since 1979.

Statistics show that during the 1979-1993 period the city's textile industry generated some 400 billion yuan in output value and earned 84 billion yuan in gross profits. Textile exports earned the city some 25 billion U.S. dollars in foreign exchange during the period.

Liu recalled that when the city's textile industry was at its apex years ago, there were 2.6 million spindles and 550,000 employees, roughly 20 percent of the city's industrial workforce.

Tough market competition in purchasing raw materials and selling finished products began striking the municipality's textile industry in the mid-1980s, when rural and township enterprises sprang up in neighboring Jiangsu and Zhejiang Provinces. Meanwhile China shifted from a centrally-planned economy to a market economy.

As a result, the city's textile industry produced a little bit more than one billion yuan in gross profits in 1993, against some four billion yuan in 1980.

To reverse the profit decline trend, Shanghai will introduce more foreign funds and enhance international co-operation in the textile industry. Liu stressed.

The city's current 219 overseas-funded textile ventures, 120 of which have already gone into operation, involve a total investment of some 900 million U.S. dollars, Liu said.

The ventures generated 2.2 billion yuan in output value last year. The amount they produced in the first half of this year reached 1.7 billion yuan, considerably more than during the same period of last year.

According to Liu, the overseas-funded ventures, which produce 15 percent of the city's textile output value, make 61 percent of the profits.

Liu attributed the good economic performance of the joint ventures to their sound operating mechanism, guaranteed input of funds and continued technical upgrading.

Shanghai Develops Mobile Telephone Service

OW0311115894 Beijing XINHUA in English 0859
GMT 3 Nov 94

[FBIS Transcribed Text] Shanghai, November 3 (XINHUA)—The Shanghai Administration of Posts and Telecommunications has invested 900 million yuan in projects to expand its mobile telephone exchange capacity.

The project includes expansion of two mobile telephone exchanges and 60 mobile telephone stations, and the construction of two mobile telephone exchanges and 50 stations.

When the construction is completed late next year, an official of the administration said, the project will be able to serve 180,000 customers, twice as many as at present, and rank the city second in the country after Guangdong Province.

Shanghai began its mobile telephone service in 1982. It had over 10,000 users in 1992, 40,000 by the end of last year and about 60,000 by September this year.

Central-South Region

Hubei Seeks Foreign Funds for Power Industry Deficits

OW0211112194 Beijing XINHUA in English 0929
GMT 2 Nov 94

[FBIS Transcribed Text] Wuhan, November 2 (XINHUA)—Central China's Hubei Province needs some 16 billion yuan (about 1.84 billion U.S. dollars) of overseas funds to meet a capital shortfall expected in the province's power industry in the run-up to the next century.

Official estimates put the required fund in the power sector in the 1990s at 30 billion yuan, some 1.6 billion yuan more than is available.

To tackle the money shortage, Hubei has, over the past few years, tried a variety of methods to attract overseas capital.

The first phase of the province's Ezhou Power Plant was financed by a Japanese Government loan of 310 million U.S. dollars. So far, two generating units of 300,000 kw each have been installed in the plant.

A provincial official said that Hubei has reached a number of agreements for co-operative power ventures with overseas investors.

He said that the second phase of the Hanchuan Power Plant is a joint venture with a Hong Kong company, which contributes to 49 percent of the total investment.

The AES Company of the United States has agreed to help build two 600,000-kw generating sets at the Wanggang Power Plant. Another U.S. company has agreed to invest in two generating sets of the same capacity in the Wangshi No. 2 Power Plant.

The official said that his province has also signed letters of intent for co-operation in some other power projects.

He said that Hubei also seeks overseas investment in the form of equipment and technology, citing two sets of 200,000-kw generating units at the Yichang Power Plant, which will be installed with U.S. equipment and technology.

In another attempt, Hubei will pool funds from the international financial market through setting up joint investment companies with overseas investors, according to the official.

He said that Hubei will continue importing power generating equipment through barter trade, adding that the province has already obtained two Russian-made 500,000-kw generating units used in thermal power plants through the export of garments, knitwear, foodstuffs and household electric appliances.

World Food Program Helps Hubei Mountainous Areas

OW0311074994 Beijing XINHUA in English 0646
GMT 3 Nov 94

[FBIS Transcribed Text] Wuhan, November 3 (XINHUA)—A five-year agricultural development project jointly funded by the World Food Program (WFP) and the Chinese Government has made steady progress in the Wuling Mountains of central China's Hubei Province.

Started in November 1991, the project has fulfilled 55 percent of its work.

It has increased irrigated areas by 1,378.9 ha and helped increase grain output by 19.3 percent, per capita grain by 34 kg and per capita income by 22.4 percent in the project areas consisting of the three counties of Enshi, Lichuan and Xuanen.

The WFP provided 62,031 tons of wheat worth 12.11 million U.S. dollars to the project. An additional 39.46 million yuan (about 4.8 million U.S. dollars) came from the Chinese Government.

The project is comprehensively developing water, forestry, farmland and transportation.

It has built 579.2 ha of tea plantations, and planted 3,074.5 ha of trees and 575 ha of grassland capable for raising 600 head of cattle, in addition, a total of 86.5 km of roads have been newly built.

The project areas involve 136 villages and 37,330 farming households, with a total population 163,436.

Provincial government officials said that the project has passed the WFP's medium-term appraisal.

Customs To Open Branch Offices in Hubei

OW0311112594 Beijing XINHUA in English 0823
GMT 3 Nov 94

[FBIS Transcribed Text] Wuhan, November 3 (XINHUA)—The China Customs in this capital of central China's Hubei Province has decided to open four branch offices in the province with the approval of the State Council.

The branch offices will be opened in Yichang near the construction site of the Three Gorges Project, Shashi and Huangshi, port cities along the Chang Jiang river, and Xiangfan, a communications hub in northwest Hubei, which connects China's vast northwestern and southwestern areas.

The opening of the customs branch offices will facilitate the flow of import and export goods and the influx of foreign investment.

Hunan WFP-Financed Agriculture Project Proceeding

OW0311031894 Beijing XINHUA in English 0219
GMT 3 Nov 94

[FBIS Transcribed Text] Changsha, November 3 (XINHUA)—An agricultural project in the western part of Hunan Province, involving assistance from the World Food Program (WFP), has been proceeding well since it was launched in November 1991.

In accordance with the project agreement, the WFP has provided 28.55 million U.S. dollars-worth of funds and goods. Some 13.36 million U.S. dollars of auxiliary investment has come from the Hunan Provincial Government and the Tujia-Miao autonomous prefecture of Xiangxi. The assistance has helped launch a series of agricultural schemes in Huayuan, Baojing and Yongshun counties in the prefecture, including building and improving water-control works, improving soil conditions, building country roads, planting cash crops and trees, and training of local farmers.

The entire aid project will last for five years. Local officials said that half of the plan has been completed, and marked economic, social and ecological advances have been achieved.

In the past three years the WFP-financed project has helped improve production conditions on 3,775 ha of farmland in the three counties and brought about an additional 30 million kg of grain.

More than 300 ha of forests and orchards have been planted, while improved varieties of crops and plastic sheeting cultivation have been applied.

An appraisal team from the WFP said, after inspecting agricultural facilities set up under the project, that the designed requirements have all been met.

Shenzhen's Export Economy Achieves 'Great Success'

OW0311115694 Beijing XINHUA in English 1056
GMT 3 Nov 94

[FBIS Transcribed Text] Shenzhen, November 3 (XINHUA)—This south China city has achieved great success in its endeavors to develop its export-oriented economy since it became China's first special economic zone in 1980.

Statistics show that the export volume of the special economic zone, where flexible policies are being pursued to attract overseas investors, has been growing at an annual rate of 75 percent.

In the past 14 years Shenzhen has invested some 20 billion yuan (about 2.3 billion U.S. dollars) to build up infrastructure facilities such as harbors, airport, highways, railways, telecommunications and hydropower stations, in a bid to improve its investment environment.

So far the city has set up about 30,000 industrial enterprises, including some 10,000 overseas-funded enterprises, and their products have been exported to more than 50 countries and regions worldwide.

Last year the city's export volume reached 14.33 billion U.S. dollars-worth, nearly twice the amount for Shanghai, China's largest industrial center.

The special economic zone has throughout the years forged close relations with up to 100 powerful foreign investment firms and more than 40 domestic higher-learning institutions, which has helped it develop a host of products competitive in international markets.

The city also attaches particular importance to the introduction of advanced overseas technology, high-tech personnel and equipment.

"This has already enabled us to set up seven new- and high-tech industries here," said a local official, citing such industries as computers, micro-electronics, bio-engineering, lasers and new materials and energy.

He said that last year alone Shenzhen turned out 4.2 billion yuan-worth of computer products, adding that the city's computer software exports are about one third of the national total.

The city has to date set up more than 130 trade offices, factories and commercial outlets across the world, according to the official.

With 720 agricultural and sideline production bases, Shenzhen exported 1.17 billion Hong Kong dollars-worth of fresh agricultural and sideline products last year, compared with only 67 million Hong Kong dollars-worth in 1980.

Southwest Region

Inner Mongolia Strengthens Economic Cooperation

OW0311070694 Beijing XINHUA in English 0616
GMT 3 Nov 94

[FBIS Transcribed Text] Hohhot, November 3 (XINHUA)—North China's Inner Mongolia Autonomous Region has benefited from the economic and technical co-operation with other parts of the country and with countries neighboring it.

The region has signed 230 economic co-operation contracts each with investment exceeding one million yuan (about 120,000 U.S. dollars).

In the past the output of the region's over 8,000 industrial enterprises, most of which are small and medium-sized ones with backward technology and equipment, was stagnant.

But now the co-operation has promoted the upgrading of technology, equipment and products in those enterprises.

The region has signed more than 120 contracts on technology imports, with contracted funds totalling over 1.4 billion U.S. dollars.

Its economic and technical co-operation with other countries has been expanded to over 30 countries and regions, including Japan, the Republic of Korea, Russia and Mongolia.

Meanwhile, the region has given priority to bringing its own advantages fully into the co-operation.

For example, Chifeng city, which has rich mineral resources, has developed a dozen new mines for aluminum, zinc, copper and tin, increasing production capacity by over 30 times. The new mines are jointly funded by foreign and domestic investors.

Sichuan Defense Industry Pursues Foreign Cooperation

OW0311035794 Beijing XINHUA in English 0312
GMT 3 Nov 94

[FBIS Transcribed Text] Chengdu, November 3 (XINHUA)—Military plants in southwest China's Sichuan

Province have started to join hands with foreign investors following their decade-long conversion to civilian production.

By the end of October this year these plants had set up more than 80 joint ventures, involving an investment totalling 500 million U.S. dollars. Their partners come from the United States, Japan, France, Germany, Britain and the Republic of Korea.

Sichuan has fostered one of the strongest military production forces in China, both in the number of staff and technicians and in fixed assets.

In the first ten months the sales volume of these factories jumped to ten billion yuan (about 1.17 billion U.S. dollars), a rise of 22 percent over the 1993 same period.

More than 80 percent of their products, including motorcycles, color TV sets, automobiles and electrical apparatus, are for civilian use.

Last year motorcycles produced by Sichuan military enterprises numbered 1.24 million, making up one third of the nation's total. One plant made more than 1.4 million TV sets in 1993, ranking first in China.

Police Solve Sichuan Industrial Secrets Case

HK0311071294 Beijing GUANGMING RIBAO in
Chinese 26 Oct 94 p 5

[By Zhang Wei (1728 0251): "A Larceny Case Involving Top Industrial Secret"]

[FBIS Translated Text] I.

On 11 January 1994, the security office of the Chongqing Motor Plant sent a report to the Tongjiaqiao Police Station in the Shapingba District Public Security Sub-Bureau, which said: "According to a report from the masses, Sun Guilin, a worker in our plant, is the major suspect in the theft of some fittings for the Cummins engine." According to this report, the police station summoned Sun Guilin according to law. Through investigation and examination, a large larceny group comprising six members, including Sun Guilin and Sun Dong, was ferreted out. Since 1993, this larceny group has been sneaking into the factory to steal starting motors, fuel pumps, and other fittings for the Cummins engine, with a total value of over 60,000 yuan.

The public security police did not cease investigation. They finally made Sun Dong, one of the principal offenders, confess to a rare larceny case: "In June last year, after someone else had stolen the whole set of blueprints for the cylinder head of the Series IV Cummins engine according to my instructions, I made a photocopy of them and sold them to a company for 55,000 yuan."

The Chongqing Motor Plant is a Grade-II state enterprise and a major profit-making and tax-paying enterprise in Chongqing. They were greatly shocked when

hearing about the case because the blueprints were imported by the factory from the U.S. Cummins Engine Corporation in 1981 at a price of 20.01 million yuan. It was the crucial part of the imported technology and was highly classified. According to the contract signed by both sides, the Chinese side should not divulge the secret to a third party. The loss of the blueprints by theft will bring about immeasurably great losses to the factory, both in reputation and in economic returns.

II.

Sun Dong, 33, was a worker in the assembly workshop of the Chongqing Motor Plant. Last year, after he became acquainted with Jiang Yongxin, a lawless businessman who specialized in buying stolen goods, the latter instructed him to steal the fittings for the Cummins engine. In April 1993, Sun Dong, together with another factory worker, disassembled the governor plate of the Cummins engine, which was worth 5,600 yuan. They then sold it to Jiang Yongxin for 2,500 yuan, half its price, sharing the money with each getting 1,250 yuan. In a period of less than one year, Sun Dong and other offenders together stole a total of more than 40,000 yuan's worth of engine fittings.

In June 1993, Sun Dong, who was eager to get rich, found a second job. He was employed by the Development Company of the Chongqing Automobile Trading Corporation and became a salesman in its marketing department in Daping. His main job was to provide market information and develop new projects.

One day, Sun Dong boasted to his manager, also surnamed Sun: "Mr. Sun, I have made a careful investigation of the automobile fittings market recently and found that production of the Series IV Cummins engine cylinder head is really profitable. The cost of each product is 2,000 yuan and the market price is 4,800 yuan each. The prospect is attractive. If we intend to develop this project, I can provide the whole blueprints." The manager was inspired by these remarks but he was still very cautious and asked: "Although this project is profitable, is it a product under patent? Can we produce it?" Sun Dong tried to cheat him and said: "This is only a part of the Cummins engine, not the whole engine. Moreover, people outside the province are also developing this product. Why should we not?" Hearing this, the manager also felt it was reasonable. Being dizzy with foreseeable profit, he consented to the proposal, giving no more consideration to whether it was legal or not. Thus, while urging Sun Dong to prepare the blueprints, he went to a factory specializing in producing cylinder heads to seek the possibility of joint development.

III.

Sun Dong has a younger brother, whose name is Sun Xianfu. He is a worker in Workshop No. 1 of the Chongqing Motor Plant. Sun Dong instructed him to think of a way to get the blueprints for the cylinder head.

One day in June 1993, on his way to the plant, Sun Xianfu asked a technician in his workshop: "May I have a look at your Series IV Cummins engine cylinder head technology cards because I want to know more about the machinery processing technology." The technician praised him and said: "It is good for you to study technology hard. I will certainly help you. The cards are just under the drafting plate on my desk." In this way Sun Xianfu got the whole set of the technology cards easily.

On the same evening, he handed the cards over to Sun Dong. The latter made a photocopy of them and instructed him to get the blueprints.

After putting the technology cards back in their place, Sun Xianfu began to think of a way to obtain the blueprints. When no one was watching, he opened the cabinet and took away the whole set of blueprints. After work, he gave them to his brother, Sun Dong, who made photocopies of them. After all this was done, he quietly put the originals back into the cabinet. This serious larceny involving industrial secrets was thus committed without anyone knowing.

IV.

With the blueprints in hand, Sun Dong asked Manager Sun for a reward. The manager agreed to give him 60,000 yuan as a "development fee" later, after the manufacturing contract was signed.

Not long after that, through the introduction of a middle agent, the company reached a common understanding with a shock resistance device factory in Shanghai on joint development of the Series IV Cummins engine cylinder head. During the last 10 days of June, two leaders of the Shanghai factory made a special trip to Chongqing to discuss the matter. After carefully studying the 143 blueprints, on which there were detailed descriptions on more than 300 processing and technical procedures, including what kind of cutting and measuring tools to be used, the two leaders were so excited that they hurriedly decided to start the research and production, giving no consideration to whether the blueprints had been obtained legally or illegally.

On 28 June, hiding from the Chongqing Automobile Trading Corporation, Manager Sun of the Development Company, as Side A of the contract, signed with the Shanghai factory, as Side B, an "Agreement on the Blueprints of the Series IV Cummins Engine Cylinder Head," which stipulates that A provides B with the blueprints and B should not transfer them to any third party. Once discovered, B should give a compensation of 200,000 yuan to A and the right of B to produce the relevant product shall be terminated. At the same time, both sides also signed an "Agreement on Joint Development of the Series IV Cummins Engine Cylinder Head."

After that, the Shanghai factory brought the blueprints back and immediately started to make the mold. Manager Sun gave Sun Dong 55,000 yuan in "development

fee" to keep his promise and waited for the good news of success in making the mold.

Unexpectedly, all this was overturned overnight. With the unraveling of the larceny case, the development plan of both the business company and the factory was forced to terminate and both became law and patent violators!

V.

After the larceny case was exposed, in order to protect their own interests, the Chongqing Motor Plant, the victim of this case, gave written notice to the Chongqing Automobile Trading Corporation, pointing out that the two agreements signed by the corporation and the shock resistance device factory were illegal and requiring them to stop violating the patent right immediately and return the photocopy of the blueprints, or they would be sued.

Discovering they had been deceived, the Chongqing Automobile Trading Corporation sent a "Notice on Terminating the 'Agreements'" to the Shanghai factory on 2 February this year.

After receiving the notice, the shock resistance device factory found there was no other option but to return the blueprints and stop making the mold.

In April 1994, Sun Dong and the other five criminal offenders were arrested by Chongqing's Shapingba District Public Security Sub-Bureau according to law, and the stolen goods and money, totalling some 100,000 yuan, were recovered. Through this case, people should have a better understanding of the importance of doing a good job in maintaining industrial secrecy.

Tibet Official Discusses Party Building

OW0311005094 Lhasa Tibet People's Radio Network in Mandarin 1400 GMT 30 Oct 94

[From the "News" program]

[FBIS Translated Text] During this newscast, we will broadcast the excerpts of an important speech made by Lu Huimin, Standing Committee member and Organization Department director of the Tibet Autonomous Regional CPC Committee, at the second regional meeting of advanced grass-roots party organizations and outstanding communists and party workers and on the education of party members. The meeting came to a successful close on 28 October.

In his speech, Lu Huimin particularly dealt with six points of view on strengthening grass-roots party organizations, improving the quality of party members in an all-round way, and other questions.

First, we must truthfully improve education for party members because it is an extremely important step toward ensuring the party's ideological building, to raising party members' educational levels, and to enhancing their party spirit. Reform, opening up, and building a socialist market economic system is a great

undertaking that has never been tackled before. The masses need correct theoretical guidance; the large numbers of party members must have a true party spirit and proven capabilities to lead the masses to achieve the party's goals; and it is imperative that party members have a new mindset and a new way of thinking that are in line with the new situation of reform and opening up. Improving education and studying self-consciously are the most realistic and urgent problems facing every party member, particularly leading cadres with party membership. The decision adopted by the Fourth Plenary Session of the 14th CPC Central Committee clearly points out the direction of strengthening party building. The Third Forum on Work on Tibet, held by the CPC Central Committee and State Council, further defines the guiding ideology for Tibet's reform and opening up, and its efforts to maintain stability, as well as defines the goals of Tibet's development. With these as a turning point, Tibet's work in all fields is bound to embark on a very good trend, and education for party members will also face a new opportunity and challenge. In practical work, education for party members should be kept in line with the new situation. We should insist on carrying out the party's basic line; we should insist on serving reform, opening up, and maintaining stability; we should unceasingly bring up new ideas on education for party members and broaden the scope of education; we should closely integrate education for party members with the practice of building a socialist market economic system; and we should regard as the purpose and foothold raising the educational level of all party members in Tibet and enhancing party members' real capabilities in the main battlefield of economic construction, in order to lead people of all nationalities in Tibet to use their deeds as the answer to the question: The central authorities have shown concern for Tibet, the whole country has supported Tibet, so what should Tibet do?

Second, we should endeavor to rectify weak and lax grass-roots party organizations. Grass-roots party organizations are the foundation of all work and the fighting capacity of the party, as well as the basis for our party to govern. Generally speaking, in the last few years, grass-roots party organizations in Tibet's agricultural and pastoral areas have been combat effective and have played an important role in developing the economy and maintaining stability. But, we must soberly realize that, currently there are a small number of grass-roots party organizations that are weak and lax in discipline, and that have failed to serve their purpose. Party organizations at all levels must have a deep understanding of the necessity and urgency of solving this problem. They should unify their thinking on the basis of the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee, the Third Forum on Work on Tibet, and the Sixth Expanded Plenary Session of the Seventh Tibet Regional CPC Committee. They should resolutely rectify grass-roots party organizations that are politically

weak, loosely organized, seriously disorganized by religion, or even manipulated by temples, and should set a deadline for them to solve their problems.

According to the guidelines of the Fourth Plenary Session of the 14th CPC Central Committee, we should ensure good work in four areas in building party committees and party branches at the township and town levels. First, we should build good party committees of party branch leading bodies; in particular, we should choose party committee or party branch secretaries who can earnestly carry out the party's basic line, principles, and policies, who are fair, honest, young, and energetic, and who can lead the masses in becoming better off.

Second, we should establish a development course that is in line with local reality, should continue to firmly carry out and refine the party's policy toward agricultural and pastoral areas, establish all kinds of economic entities, and gradually build up a local collective economy. We should increase peasants' and herdsmen's incomes by developing production and advancing development. We should lead peasants and herdsmen to work for a more comfortable life.

Third, we should do good ideological and political work, strive to popularize general and science and technical knowledge, educate party members to serve as exemplary vanguards, raise peasants' and herdsmen's educational levels, and combat and eradicate the influence of feudalism, superstition, and other ignorant and backward thinking, and of decadent bourgeois ideology. We should fill agricultural and pastoral areas with patriotism, collectivism, socialist thinking, and healthy, civilized, and progressive thinking.

Fourth, we should strengthen the building of supporting facilities for township- and village-level organizations, which have party committees and party branches as their core. At the same time, we should spark peasants' and herdsmen's initiative to become their own masters by integrating the building of grass-roots democracy and a grass-roots legal system with the comprehensive control of public security, by establishing and refining a democratic supervision system, and by drawing up pledges for rural residents, in order to gradually build grass-roots party organizations in agricultural and pastoral areas into strong leading collectives that are politically firm, that have an upright work style, that can keep close contacts with the masses, that can combat in unison, that are energetic, that can lead the masses to build material and spiritual civilizations, and that can bring about prosperity to people of all nationalities.

Third, we should take the initiative in recruiting new party members to build up the party's grass-roots organizations and to increase the party's power and expand its influence among the grass roots. Considering Tibet's reality, during the period ahead we should still focus the work on recruiting new party members from workers, peasants, and herdsmen working on the production forefront; from intellectuals; and from frontier and

remote areas where the party's influence is relatively weak. We should particularly pay attention to recruiting women and middle-aged and young peasants and herdsmen who are qualified to become party members, who have some scientific and general knowledge, and who have closed ranks with party organizations. In recruiting new party members, we should strictly follow the party constitution and the rules for recruiting new party members. We should strictly follow the established standards and ensure that all newly recruited party members are politically sound, in order to ensure that all new party members are up to standard. We should make the principle of accepting new party members more regularized and systemized. We should strengthen training and education for those who have been recruited in upholding the motherland's unification and in fighting splittism, and backbone elements who are able to lead the masses to develop production, help the poor and those in need, promote scientific knowledge, and oppose superstition and undesirable customs; and accept them in a timely manner when they meet all requirements.

In general, from now on we will not recruit illiterate party members, and must not accept religious believers and polygamists as party members. At the same time, we should make greater efforts to build cadres of organizers in all prefectures, counties, and townships in order to gradually build an army of organizers that is politically committed, that is familiar with and committed to party building work, and that has the exclusive responsibility of training and evaluating activists seeking party membership and of recruiting new party members.

Fourth, we must do a good job in supervising party members. Party organizations at all levels in the autonomous region must establish and improve grass-roots party organizations in accordance with the requirements set forth in the party constitution and actual needs as well as the number of party members in various localities. Party organizations must make sure that they can always attend to and supervise each and every party member. We must intensify the work of educating party members and supervising and reviewing their performance. We must pay special attention to reviewing party members' stand, views, and conduct in fighting separatism. We must continue to uphold and improve the system governing party members' activities and responsibilities within party organizations; uphold the systems governing party members' presence in three types of meetings and one study session (san hui yi ke) and the system of assessing party members' performance democratically; and uphold the system under which party members must report their ideological conditions and work performance to party organizations at regular intervals. Party organizations must carry out their activities without fail, actively carry out ideological struggle (si xiang dou zeng), seriously handle party members' lawless behaviors and irregularities, and firmly eliminate the corrupt elements.

We must properly handle party members' religious beliefs. For those party members who are deeply religious and who actively spread religious thinking and organize religious activities, we should advise them to renounce their party membership if we fail to educate them; and for those who use religion to divide the motherland and undermine national solidarity, we must firmly liquidate them from the party.

As reforms continue to deepen and following the establishment of our socialist market economic system, there will be an increasing number of party members on the move. Relevant departments must look into the situation and act as quickly as possible to draw up practical and effective measures for managing these party members. Meanwhile, we must strengthen the management of party member-cadres and workers who have retired. To facilitate operations, retired party members living in urban neighborhoods may be assigned to the neighborhood party organizations to manage so that they can lead a constructive life and can devote the rest of their lives to Tibet's economic development and social stability.

Fifth, we must actively promote the system of setting specific assignments for grass-roots party organizations to fulfill. This is a measure taken in the new historical period to build stronger grass-roots party organizations and consolidate the socialist bastions in rural areas through socialist education, and it is an effective way to build stronger party organizations for promoting economic development. Ever since this measure has been promoted throughout Tibet, all prefectures and cities have accomplished a lot of work in this regard. Some counties have been able to implement the measure in all of their party organizations, and some counties have conducted pilot projects in selective townships. The project has been proceeding quite successfully. Party organizations at all levels must take advantage of this good start and strengthen their guidance in this area. They must consider the fulfillment of all assignments as a major task of promoting economic development through building stronger party organizations. To expedite Tibet's economic construction and build stronger party organizations, we must gradually establish a system under which party organizations of one level are in charge of the performance of party organizations of the next lower level.

Sixth, we must earnestly strengthen the leadership over the work of building stronger grass-roots party organizations. To follow through with the general and specific policies of the party Central Committee and the guidelines laid down by the third forum of Tibetan affairs and accomplish all assignments set by the sixth enlarged plenary session of the fourth regional party committee, party organizations in Tibet must give full scope to their fighting power and all party members in Tibet must work hard. This being the case, party committees at all levels must consider it a routine but important assignment to build stronger grass-roots organizations, attach great importance to accomplishing this assignment, and

strengthen their leadership in this area. The contact points which regional, prefectural, and county party and government organs established in rural areas should follow a four-point guidelines:

1. They must publicize and follow through with the party's lines, principles, and policies as well as all reform measures launched by the regional party committee and government. They must now follow through with the guidelines laid down by the Fourth Plenary Session of the 14th CPC Central Committee, the third forum on Tibet affairs, and the sixth enlarged plenary session of the fourth regional party committee; help the masses emancipate their minds and renew their convictions even further; and arouse the masses' sense of patriotism, socialism, and collectivism.
2. In accordance with guidelines laid down by the sixth enlarged plenary session of the fourth regional party committee, they must help the masses draw up or revise plans for developing production, wiping out poverty, and achieving prosperity.
3. They must build stronger rural organizations with party branches as cores.
4. They should provide the masses with useful services in accordance with their desires and requests.

Regional, prefectural, and county party and government organs must firmly carry out this project, which should be institutionalized for long-term implementation. Success or failure in launching this project should serve as an important yardstick for examining the ideological statuses and work styles of leading groups. For those reluctant leading groups which are not serious with their work and which cannot fulfill the assignments given to them, we should instruct their principal leaders to head job groups to accomplish the assignments within a specified period of time.

In conclusion, Lu Huimin said: The decision made by the Fourth Plenary Session of the 14th CPC Central Committee on some major issues about strengthening party building has charted for us the course of building stronger party organizations during the new period. The third forum on Tibetan affairs and the sixth enlarged plenary session of the fourth regional party committee have reaffirmed the policies for Tibet's reform, opening up, economic development, and stability. The current meeting to commend outstanding party members and to review party members' education serves as a new start for Tibet to build stronger party organizations. We must seize this opportunity, work with higher morale, and exert earnest efforts to build stronger grass-roots organizations for the sake of these two major projects, namely developing Tibet's economy and stabilizing the situation. Giving full scope to their roles as fighting fortresses and exemplary vanguards, party organizations and communist party members must strive to build stronger party organizations for the sake of Tibet's economic

development. Let us rally closely around the party Central Committee with Comrade Jiang Zemin as the core and, under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the guidance of the party's basic line, work hard to attain the social and economic development targets set by the sixth enlarged plenary session of the fourth regional party committee!

Tibet Holds Meeting on Political, Legal Work

OW0311103294 Lhasa Tibet Television Network in Mandarin 1200 GMT 1 Nov 94

[Video report from the "Regional News Hookup" program]

[FBIS Translated Text] Tibet's political-legal departments held the first regional meeting on their investigations and research in Lhasa on 1 November. [video pans a meeting hall, then shows closeups of various Tibet leaders Zi Cheng, Gyamco, Namgyai, and Bai Zhao seated at a long table facing some 20-odd attendees. Zi Cheng is shown reading from written notes while some attendees take notes]

The meeting seriously explored and studied urgent issues on ways for Tibet's political-legal departments' investigations and research work to suit and serve the objective of safeguarding development and stability under China's current conditions of reform, opening up to the outside world, and accelerating the establishment of a socialist market economy. Meanwhile, the meeting will summarize and exchange Tibet's political-legal departments' experiences in their investigations and research work; study suggestions and requests to strengthen political-legal departments' investigations and research work under the new conditions; and formulate plans accordingly.

Attending the meeting were Zi Cheng, member of the Tibet Autonomous Regional Party Committee Standing Committee and secretary of the regional party committee's political and legal commission; Gyamco, executive vice chairman of the autonomous regional government and deputy secretary of the regional party committee's political and legal commission; Namgyai, vice chairman of the regional people's congress and deputy secretary of the regional party committee's political and legal commission; and Bai Zhao, deputy secretary of the regional party committee's political and legal commission and president of the regional higher people's court.

Also attending the meeting were directors of Tibet's political and legal commissions at prefectural and city levels; heads of offices in charge of investigation and research work under the regional party committee's political and legal commission; and comrades of relevant departments under the regional party committee and government.

Gyamco, deputy secretary of the regional party committee's political and legal commission, chaired the meeting.

Zi Cheng, member of the regional party committee standing committee and secretary of the regional party committee's political and legal commission, delivered an important speech at the meeting. He said: Paying attention to investigations and research work has been a good tradition of our party. Upholding investigations and research is a basic requirement listed in the dialectical materialist theory of knowledge; is an important channel for the party to maintain close contacts with the masses; and is a fundamental workstyle of our party practiced by the leadership. Properly carrying out investigations and research work is the key to our operations and success.

Commenting on the importance of political-legal departments' investigations and research work serving Tibet's various tasks under the new conditions, Zi Cheng pointed out: At present, Tibet is undergoing a historic period of development. The Third Central Meeting on Work in Tibet has specified Tibet's major tasks in the new period as accelerating development and safeguarding stability. As a principal force for safeguarding stability, political-legal departments will need to strengthen investigations and research work so as to seek ways to counter infiltration and sabotage by the Dalai clique [da lai ji tuan] and stage corresponding struggles in this regard; to seek ways to provide reliable security guarantees and quality legal services for the construction and development of Tibet's various trades and industries; and to seek ways whereby, while Tibet is carrying out reform and opening up, more and more outsiders, who are administered in an orderly manner, play various roles in Tibet.

Comrade Zi Cheng also stressed the importance of policies, stance, viewpoints, methods, and other issues concerning Tibet's political-legal departments' investigations and research work. He said: Political-legal departments' investigations and research work should be subservient to and serve the central economic task. While fulfilling the overall requirement of safeguarding stability and enhancing development, political-legal departments should strive to boost the people's democratic dictatorship and provide quality services. He pointed out: The objectives of properly performing investigations and research work are to protect the interests of most people, to enhance social stability, and to consolidate the government. Our viewpoint is to uphold the party's "one central task and two basic points." Our method is to seek truth from facts. The investigation and research process is a process for us to understand the objective and realistic conditions. We should be public-spirited, uphold the party spirit, and speak the truth. Furthermore, we should be truly responsible to the party and the people; bear in mind the overall stability and development; reveal the actual conditions of the situation; and declare our own views as the foundation for leading organs to make their decisions scientifically.

Commenting on ways to improve Tibet's political-legal departments' investigations and research work, Comrade Zi Cheng also stressed the importance of decision-making process in related work, guidance provided in this regard, and development and improvement of political and legal personnel.

Also speaking at the meeting, Gyamco, executive vice chairman of the autonomous regional government and deputy secretary of the regional party committee's political and legal commission, commented on the meeting's key issues, and on current problems and shortcomings in Tibet's political-legal departments' investigations and research work.

Lhasa Customs Promotes Tibet's Opening Up

OW0311111494 Beijing XINHUA in English 0839
GMT 3 Nov 94

[FBIS Transcribed Text] Lhasa, November 3 (XINHUA)—The Customs in Lhasa, capital of southwest China's Tibet Autonomous Region, has been trying hard to promote the opening-up and economic construction of this plateau region.

Customs officials said that they had worked out eight measures for reducing or exempting tariffs on some equipment and materials imported for the use of modern industries, agriculture and animal husbandry, and the building of basic facilities concerning transportation, energy and telecommunications.

The measures, which have been submitted to the General Administration of Customs for approval, will be implemented immediately after getting approval, said the officials.

Following the deepening of China's reform and opening-up drive, business at the Lhasa Customs has been brisk.

In the past 32 years the Lhasa Customs has altogether exercised supervision and management over six million tons of goods and materials, and collected more than 2.4 billion yuan in taxes, for which 1.3 billion yuan were collected in the first three months of this year.

In the meantime, the Customs has been strengthening its efforts to crack down on smuggling and other illegal activities. So far, it has dealt with 6,350 cases of violations, involving 190 million yuan.

Northeast Region

Heilongjiang Arranges To Fight Crime

SK0211055594 Harbin Heilongjiang People's Radio
Network in Mandarin 1000 GMT 1 Nov 94

[FBIS Translated Text] Public security departments across the province held a telephone conference on 1

November to make arrangements to deal strict blows at crimes and to consolidate the management of public security and to urge public security organs in various localities to deepen continuously their achievements scored in dealing strict blows at crimes and consolidating the management of public security so as to win a still greater victory.

Since the drive formally launched in September this year with regard to dealing strict blows at crimes and to consolidating the management of public security, the province has cracked down on more than 3,700 cases of serious and appalling crimes; smashed more than 1,000 criminal rings of various categories; captured more than 600 escaped criminals; arrested more than 6,800 criminal elements of various categories; recovered a large amount of stolen articles and money; and named and consolidated a large number of localities, units, and places as key areas being poor in public security.

It was pointed out at the conference that the province's situation in public security was still relatively severe. Various localities should grasp the key points and successfully organize the work of dealing with knotty problems. A good job should be done in earnestly making arrangements for the concentrated and unified operation that is being launched by the four provinces and autonomous regions of north China with regard to dealing blows at the theft of motor-driven vehicles. A good job should also be done in joining in the unified operation that began in July of this year with regard to pursuing and capturing in a concentrated way the escaped criminals throughout the province. Efforts should be made to successfully and realistically grasp the drive that will be launched across the province for carrying out checks, as well as tracking down and arresting criminals.

It was stressed at the conference that New Years Day, the Snow Festival, the Spring Festival, and the Lantern Festival will come in succession. In order to consolidate the achievements scored in dealing strict blows at crimes and to consider successfully safety at all levels, various localities should enhance their prevention work while successfully dealing blows at crimes and do a good job in implementing the measures of preventing crimes, which are suitable to various social circles and to various seasons. They should ensure the operation of the patrol system undertaken by the police and do a good job in organizing militiamen and the public security force to join in the patrol to enhance more effective control over the society.

Li Sends Message To Taipei Pollution Conference

OW0211100794 Taipei CNA in English 0817 GMT
2 Nov 94

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, Nov. 2 (CNA)—President Li Teng-hui Wednesday [2 November] called on world scholars and experts to work together to protect the environment, saying that the work requires the concerted efforts of all nations.

In a written message read at the opening of a meeting of the International Union of Air Pollution Prevention and Environmental Protection Association (IUAPPA), Li said it is vital for the world to upgrade environmental protection in the wake of economic growth and development which has adversely impacted the environment.

The seventh IUAPPA regional conference for the Pacific Rim on air pollution and waste issues opened Wednesday at the Academia Sinica, the highest research institute in Taiwan, with several hundreds of scientists and specialists from home and abroad participating.

Addressing the opening ceremony, Academia Sinica President Yuan T. Li said it is significant that for the first time the IUAPPA chose to convene its Pacific Rim regional conference in Taipei.

He noted that IUAPPA president Alec Estlander, as well as delegates from Japan, South Korea and Mainland China all came to Taiwan for the meeting. He also urged all nations to cooperate in air pollution prevention and environmental protection, which he called common world problems.

IUAPPA, a non-governmental international organization, was established in 1964. It boasts 34 members, including the Republic of China [ROC], and 36 observer nations.

Premier Calls For Self-Reliance in Defense

OW0211145294 Taipei China Broadcasting
Corporation News Network in Mandarin 2300 GMT
1 Nov 94

[From the "Hookup" program]

[FBIS Translated Text] During the current election, the cross-strait situation is causing concern among the people. Answering legislators' interpellation at the Legislative Yuan on the morning of 1 November, Premier Lien Chan put forward three principles for countering a possible Chinese Communist armed threat: opposing Taiwan independence, promoting peaceful development between the two sides, and building up a modern armed force. Please listen to a report by (Wang Hsiang-mao). [(Wang)] The three principles put forward by the premier are: absolutely not supporting the line of Taiwan independence, promoting exchanges between the two sides

under the conditions of peace and goodwill, and maintaining a strong national defense force. Premier Lien Chan emphasized that taking a line of Taiwan independence is tantamount to disregarding the safety of the 20 million people on Taiwan, the Penghus, Kinmen, and Matsu. He hopes that the two sides will create a situation in which both are winners under the conditions of peace and goodwill.

Premier Lien Chan said: [begin recording] We may make concerted efforts to create a situation in which both sides are winners. For this reason, relations between the two sides are very important. At the same time, peaceful and smooth development of relations are conducive to peace in Taiwan and the entire region. [end recording]

[(Wang)] Premier Lien also emphasized that our government must maintain a strong, modern armed force to ensure the safety of the 21 million [number as heard] people on Taiwan and absolutely must not rely on the commitment or assistance of any other country. At the same time, Premier Lien called on those Democratic Progressive Party legislators who advocate Taiwan independence not to overlook the Chinese Communist factor when they discuss Taiwan's future, otherwise they will be unable to see clearly the truth of the matter and will mislead the people.

Premier Lien Comments on Future of Post-Deng China

OW0311111094 Taipei China Broadcasting
Corporation News Network in Mandarin 2300 GMT
1 Nov 94

[From the "Hookup" program]

[FBIS Translated Text] In response to recent rumors about the death of communist Chinese leader Teng Hsiao-ping [Deng Xiaoping] as carried by foreign dispatches, Premier Lien Chan yesterday expressed, for the first time, his views at the Legislative Yuan.

He said: We are not able to predict, like reading a crystal ball, what will happen on the mainland tomorrow. But, as Chinese, we do not wish to see great turmoil, which might produce bad consequences for all of China, after the death of the Communist Chinese leader.

While answering an interpellation at the Legislative Yuan, Lien Chan emphatically said it is very difficult to predict future developments on the Mainland. But he also said he was extremely amazed about the communist system. He said: As the supreme leader of communist China, Teng Hsiao-ping does not hold any title except for being a member of a bridge association. Many objective factors need to be taken into consideration when one tries to tell whether or not turmoil will occur for such a political system after the death of its leader.

Lien Chan said: Although we are not able to predict the trend of popular feelings on the Mainland or to conduct a sensible analysis of such a trend, communism, as seen

from the perspective of the world trend, is just like candlelight before the wind. In spite of the fact that the communist structure remains strong in Mainland China, no one can be sure just how long such a regime can last if we judge from the history of mankind as well as from people's desire for freedom and democracy.

Government Refuses Troop Withdrawal From Kinmen, Matsu

Lien, Sun Issue Statements

OW0311090294 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 1 Nov 94

[From the "Hookup" program]

[FBIS Translated Text] Premier Lien Chan reiterated at the Legislative Yuan yesterday: The government will not withdraw troops from Kinmen and Matsu and I cannot agree to the view of Hsi Ming-te, chairman of the Democratic Progressive Party, that the troops should be withdrawn from Kinmen and Matsu.

Defense Minister Sun Chen immediately said: The focus of the Chinese Communists' deployment of troops has been shifted from northeastern, northern, and northwestern regions to coastal areas, thus bringing more pressure on Taiwan. At present, the government does not have any plans to reduce the army.

DPP Paper on Demilitarization

OW0311065094 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 1 Nov 94

[From the "Hookup" program]

[FBIS Translated Text] The Democratic Progressive Party (DPP) formally issued a position paper on withdrawing troops from Kinmen and Matsu last night. The paper reiterates DPP's policy on the demilitarization of Kinmen and Matsu. It says: After Kinmen and Matsu are demilitarized, we can plan to build them into an economic and trade center between Taiwan and the Chinese Communists, and they will attract large amount of mainland capital. In this way, economic activities will become part of the people's life on Kinmen and Matsu.

On the other hand, Chen Shui-pien, DPP Taipei mayoral candidate, said yesterday: Before the Chinese Communists make friendly offers in dealing with cross-strait relations and publicly pledge that they will give up the idea of invading Taiwan by using armed force, I am opposed to withdrawing troops from Kinmen and Matsu, because Kinmen and Matsu, after all, are Taiwan's most important defense bases. Moreover, Chen Shui-pien used a Taiwanese old-saying, "eat watermelon in the midnight," to describe DPP Chairman Hsi Ming-te's unexpected and inappropriate remark on withdrawing troops from Kinmen and Matsu.

DPP Plan for Reductions

OW0311102394 Taipei CNA in English 0800 GMT 3 Nov 94

[By Y. C. Tsai]

[FBIS Transcribed Text] Taichung, Nov. 3 (CNA)—Taiwan's major opposition Democratic Progressive Party (DPP) stressed Thursday [3 November] that its proposal to demilitarize the two islands of Kinmen and Matsu would include a phased and conditional troop reduction rather than a military withdrawal.

The statement was made at a news conference jointly hosted by DPP Chairman Shih Ming-teh and DPP Secretary-General Su Chen-chang at the Taiwan Provincial Election Commission in central Taiwan.

Both Shih and Su said that the DPP supports gradual troop reductions from Kinmen and Matsu on the condition that mainland China openly renounces the use of force against Taiwan and both sides of the Taiwan Strait sign a nonaggression treaty.

The condition, however, has been "intentionally neglected" and interpreted "out of context," they noted.

The proposal for a conditional troop phase-out, which aims to boost living standards in Kinmen and Matsu, was first unveiled in a DPP white paper on national policy released more than a year ago, they added.

Shih again made the proposal last week, drawing waves of protest and condemnation.

Kinmen and Matsu, located just off the mainland, have long served as outposts for Taiwan. The two offshore islands have a combined population of 80,000.

Taipei Mayoral Candidate Defuses Controversy

HK0311060094 Hong Kong SOUTH CHINA MORNING POST in English 3 Nov 94 p 14

[By Dennis Engbarth in Quemoy]

[FBIS Transcribed Text] The Taipei mayoral candidate of the opposition Democratic Progressive Party (DPP) took the initiative to defuse a controversy over a call to demilitarize the two Taiwan-held islands of Quemoy and Matsu by making a sudden visit to Quemoy yesterday.

DPP legislator Chen Shui-bian, who is widely seen as the front-runner in the mayoral race, said he visited Quemoy to "clarify" the DPP's position, which had been "misunderstood," to officials and voters.

DPP chairman Shih Ming-teh had been reported in much of the Taiwan media last week as calling for the "withdrawal" of troops from Quemoy and Matsu, located off the Fujian coast.

Mr Chen was jostled by nearly 40 angry demonstrators carrying Republic of China flags and banners against

Taiwan independence and shouting "DPP get out" when he arrived at the Quemoy County Government yesterday morning.

During his visit, he met Quemoy County Magistrate Chen Shui-tsai and several members of the assembly. Mr Chen acknowledged that "given partial and distorted reporting of the DPP's position," residents in Quemoy and Matsu had become "uneasy and concerned."

But he assured Quemoy representatives that he "never advocated withdrawal of the military from Quemoy or Matsu" and "absolutely had no intention of abandoning" the islands.

Mr Chen said that a precondition of any discussion of demilitarisation of the two islands was "a mutual non-aggression pact" with China. "No one is so foolish as to think this is feasible in the near future, so any real talk of demilitarisation is premature," Mr Chen said.

Quemoy County Magistrate Chen Shui-tsai said he "was a witness" to 40 years of war between Taiwan's Kuomintang and the Chinese Communist forces on the mainland and reminded Mr Chen that defence of Quemoy and Matsu was vital for security. Besides the threat from the mainland, the Quemoy official also said that residents were worried that a reduction in military force could spawn an increase in piracy. Quemoy County Assembly Speaker Wang Shuichang presented the DPP legislator with a letter of protest.

IPR Workshop With U.S. Planned 10 Nov

OW0311110894 Taipei CNA in English 0825 GMT
3 Nov 94

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, Nov. 3 (CNA)—Academics, attorneys at law and experts from Taiwan and the United States will meet together at an intellectual property rights (IPR) workshop in Taipei next Thursday, the Chinese National Federation of Industries said Thursday [3 November].

A spokesman for the federation, which will sponsor the forum, pointed out that IPR protection has increasingly played an important role in international trade, particularly in the field of high-tech industries.

Taiwan has been working on amendments to its IPR-related laws in line with General Agreement on Tariffs and Trade (GATT) requirements, he noted. Taiwan aims to join GATT at the year's end or early next year.

Chen Cho-chen, director-general of the National Bureau of Standards (NBS), will officiate at the one-day workshop at the Taipei International Convention Center. The NBS is in charge of Taiwan's IPR affairs.

Major topics for discussion include border enforcement of intellectual property rights, enforcing patent rights

against imported articles, patent litigation, technology transfer-licensing and cross-licensing.

Economic Ministry, Siemens Enter 'Strategic Alliance'

OW0311111294 Taipei CNA in English 0756 GMT
3 Nov 94

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, Nov. 3 (CNA)—The Ministry of Economic Affairs (MOEA) Thursday [3 November] entered into a strategic alliance with Germany's Siemens Corp., marking Taiwan's first such alliance with a German company.

Vice Economic Affairs Minister Yang Shih-chien and Siemens Executive President Gunther Wilhelm signed the alliance agreement on behalf of both sides at the Grant Hyatt Hotel.

Under the alliance, Siemens promises to increase investment and procurement in Taiwan as well as grant technology transfers to manufacturers here, a ministry spokesman noted.

Wilhelm said at the signing ceremony that the alliance will help Siemens boost its business turnover in the Asia-Pacific from 5 percent to 15 percent.

He noted that his company places more than US\$1 billion worth of orders with Taiwan each year, adding that Taiwan will play an important role in Siemens' future plans for the Asia-Pacific market.

Siemens, the second largest enterprise in Germany, posted a business turnover of more than US\$54 billion in 1993. It specializes in high-tech products including semiconductors, and telecommunications, medical and lighting equipment.

Siemens owns 80 subsidiaries, 20 factories and 40 joint venture companies in the Asia-Pacific region, Wilhelm said. It also maintains business and production units in more than 130 nations.

SEF Agrees To Cross-Strait Talks in Mainland

OW0111142194 Taipei CNA in English 1358 GMT
1 Nov 94

[By Flor Wang]

[FBIS Transcribed Text] Taipei, Nov. 1 (CNA)—The Straits Exchange Foundation (SEF) on Tuesday [1 November] [words indistinct] Mainland China's Association for Relations Across the Taiwan Strait (ARATS) agreeing that the sixth round of cross-strait talks on technical issues be held in Nanking [Nanjing] in south-east Mainland China, Nov. 21-26.

During the talks, the SEF and ARATS will discuss the wording of agreements on fishing rights and the repatriation of mainland hijackers and illegal immigrants,

issues on which the two sides had reached a certain degree of consensus during their fifth round of negotiations in August in Taipei, SEF Deputy Secretary General Hsu Huei-you said. In addition, the opening of express mail services and an expanded certification regime will be discussed, he said.

Hsu was optimistic that the two sides can sign draft agreements on the three main issues in Nanking as long as the remaining differences can be resolved.

Workers Protest National Health Insurance Program

OW0111142794 Taipei CNA in English 1415 GMT 1 Nov 94

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, Nov. 1 (CNA)—Some 20,000 workers affiliated with 200-plus trade unions launched Taiwan's first-ever islandwide work stoppage on Tuesday [1 November] in protest over the national health insurance program that goes into effect early next year.

The hourlong work stoppage began at 11:00 a.m. [0300 GMT], according to the Taiwan Workers Alliance, the organizer of the strike.

In Taipei, more than 100 taxi drivers gathered in front of the Legislative Yuan, honking their horns to show their disapproval of the insurance program. Representatives of the taxi drivers said that participation in the compulsory insurance program, which will require the insured to pay higher premiums than they do under the present labor insurance program, would be tantamount to "having our skin peeled twice." A placard attached to the rear of one taxi read, "opposing despicable insurance, going for health insurance." The Chinese characters for "despicable" and "health" are pronounced the same way.

About 500 workers at Tatung Co.'s panchiao factory responded to the appeal, partially suspending operations at the home appliance manufacturing plant, while another 500 workers at a dye plant in the nearby town of Shulin all wore stickers that read "anti-skin peeling 11-01."

Three hundred workers at a Kuanhsi plant producing cables held a quiet sit-in in front of their factory as their contribution to worker solidarity.

Down in the southern city of Kaohsiung, meanwhile, some employees of the state-run Chinese Petroleum Corp. Participated in the labor action with a slowdown, rather than a work stoppage.

No clashes between labor and management were reported anywhere in Taiwan during the action.

The Council of Labor later issued a statement saying the work stoppage was illegal and that employers are entitled

to withhold an hour's worth of pay from those workers that participated in the strike.

Two other labor organizations, including the powerful Chinese Federation of Labor, vowed to take to Taipei streets on Nov. 12 and Nov. 30 to voice their objections to the national health insurance program.

Island Suffers From Trade Deficit With Europe

OW0111140794 Taipei Voice of Free China in English 0200 GMT 1 Nov 94

[FBIS Transcribed Text] According to statistics published by the Ministry of Economic Affairs, Taiwan's trade deficit with Europe hit a high of \$2.36 billion [currency not specified] in the first three quarters of the year, three times the corresponding figure recorded a year earlier. The statistics show that the island's export to Europe in the first nine months of the year came to \$9.247 billion, showing a decline of [figure indistinct] percent from a year earlier. Import from the continent amount to \$11.65 billion in the same nine-month period, up 12.1 percent from a year ago. Meanwhile, Taiwan's two-way trade with the 12-member European Union amounted to \$16.78 billion in the January-September period of the year, accounting for 80.5 percent of the island's total trade with Europe in the period. Germany appears as Taiwan's largest trading partner in Europe, commanding 28 percent of Taiwan's total trade with Europe in the nine-month period.

Five-Year Plan Launched To Boost Software Production

OW0211100694 Taipei CNA in English 0758 GMT 2 Nov 94

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, Nov. 2 (CNA)—Taiwan's Industrial Development Bureau (IDB) has launched a five-year plan to boost the production value of domestic software, bureau officials said Wednesday [2 November].

Since 1991, Taiwan's software production value rose an annual rate of 20 percent, reaching US\$31.7 billion in 1993. At current growth rates, the production value was originally expected to hit US\$65.7 billion by 1997.

However, the five-year software development project calls for 26 percent growth. If the plan is successful, production value will increase by US\$21.8 billion over earlier estimates to reach US\$87.5 billion by 1997.

Meanwhile, the Ministry of Economic Affairs plans to grant NT\$100-NT\$130 billion (US\$3.84-US\$5 billion) in subsidies to local software manufacturers to engage in research and development plans in fiscal year 1996.

IDB officials said that software industry is a key area for Taiwan's future information industry development. Currently, manufacturers of multimedia, machine tools and

application software receive the greatest number of subsidies from the government.

Trade Board Notes ROK Goods Gaining PRC Market Share

OW0211141994 Taipei CNA in English 1333 GMT
2 Nov 94

[By Flor Wang]

[FBIS Transcribed Text] Taipei, Nov. 2 (CNA)—The Board of Foreign Trade (BOFT) has called on the government to pay attention to the increased competitiveness of South Korean goods against Taiwan products in the Mainland Chinese market.

As Taiwan and South Korean products are similar in quality, the booming trade between Mainland China and South Korea, which began two years ago when the two sides established diplomatic relations, has noticeably affected Taiwan exports to Mainland China, BOFT officials said.

According to BOFT statistics, South Korean trade with Mainland China rose to 6 percent of south Korea's total foreign trade last year, up from 1992's 3.5 percent, making Mainland China [words indistinct] Korean products after the United States and Japan.

Mainland China's trade with South Korea also grew from 2.4 percent of its total foreign trade in 1991 to 5.0 percent in the first half of 1994. In the first seven months of this year, Mainland China exported US\$3.1 billion worth of goods to South Korea, a 41 percent increase over the same period last year. However, Taiwan exports to South Korea grew by just [figure indistinct] percent to US\$950 million during the same period, the tallies show.

BOFT officials also warned that the country's trade imbalance with South Korea may continue to grow with

the opening up of the local market to foreign products after it joins the General Agreement on Tariffs and Trade.

Taiwan's trade deficit with South Korea reached US\$1.4 billion last year.

Delegation To Attend Salvadoran Trade Fair

OW0311091694 Taipei CNA in English 0751 GMT
3 Nov 94

[By Huang Kuang-chun and Y. C. Tsai]

[FBIS Transcribed Text] Panama City, Nov. 2 (CNA)—A 22-member Republic of China [ROC] delegation will attend the 16th international fair opening in San Salvador Thursday [3 November].

The delegation, including representatives from 14 Taiwan manufacturers, was organized by the Taipei-based China External Trade Development Council (CETRA).

Li Tsai-jen, deputy director of the CETRA Planning Department and concurrently head of the group, said the Taiwan companies will display electrical and electronics products, machinery, metals, automobile parts and components, bicycles, baby products and bath facilities at the show.

A spokesman for the Republic of China embassy in El Salvador told CNA that Taiwan's presence at the international fair will help promote economic, cultural and scientific exchanges between the two countries.

A total of 32 countries from Asia, Europe and America are expected to take part in the 11-day show, which will close Nov. 13.

The fair has designated Nov. 9 as "Republic of China Day" in a bid to welcome the ROC delegation. Celebration activities will include a flag-raising ceremony, cultural performances and a trade seminar.

The fair has been held every two years since 1965.

Hong Kong**Official: Airport Deal 'Only Days Away'***OW0211130994 Beijing XINHUA in English 1259
GMT 2 Nov 94*

[FBIS Transcribed Text] Hong Kong, November 2 (XINHUA)—A senior Chinese official here today reaffirmed that the financing for the construction of a new airport in Hong Kong will be sealed "only days away".

Guo Fengmin, senior representative of the Chinese team on the Sino-British Joint Liaison Group (JLG), made this remark at a public function.

His remark came when the territory was rife with speculations about the exact signing date for the agreement between China and Britain.

Earlier this week, a local newspaper ventured that the two sides would wrap up the deal Wednesday [2 November], which had led to a sharp rise of share prices on the local bourse Monday.

Guo said today that China has agreed in principle with Britain on the financing plan for the new airport, which involves an investment running to multi-billions of Hong Kong dollars.

In September 1991, China and Britain penned a memorandum of understanding (MOU) on the construction of a new airport at chek lap Kok, an isle located west off Hong Kong island, in order to maintain the sustained development of the local economy.

But a dispute broke out after the financing plan put forward by the British side failed to comply with the related provisions in the MOU, and this had prompted rounds of talks between the two sides over the issue.

The new airport financing issue was not resolved until recently when the British side came to agree to putting a ceiling on the local government borrowing for the construction of the airport.

During the three-year negotiations with the British side over the airport financing issue, the Chinese side has insisted on the cost-effectiveness principle with a view that the construction of the airport should not create a heavy burden on the future Hong Kong Special Administrative Region Government.

In Beijing, Lu Ping, director of the Hong Kong and Macao Affairs Office of the Chinese State Council, was today quoted by a Hong Kong TV station as saying that the imminent signing of the Hong Kong new airport financing plan does not necessarily mean that all will be "plain sailing" in the post-transitional period in Hong Kong.

Britain, China To Sign 4 Nov*HK0311084594 Hong Kong AFP in English 0840 GMT
3 Nov 94*

[FBIS Transcribed Text] Hong Kong, Nov 3 (AFP)—Britain and China will sign an agreement Friday on financing Hong Kong's new airport, it was announced Thursday.

The two countries have been locked in three years of often acrimonious talks over the 20.3 billion U.S. dollar project.

"The British and Chinese sides agree to hold an airport committee meeting in Hong Kong on November 4 to sign an agreed minute concerning the overall financing arrangements for the new airport and airport railway," said a brief statement issued by the Hong Kong government.

Further on Airport Agreement*HK0311090594 Hong Kong AFP in English 0856 GMT
3 Nov 94*

[FBIS Transcribed Text] Hong Kong, Nov 3 (AFP)—Britain and China, after three years of tough negotiations, announced Thursday they had finally reached an agreement on financing Hong Kong's mammoth new airport.

In a brief statement, the Hong Kong government said the agreement would be signed Friday. The accord will pave the way for international banks to lend money for the 20.3 billion U.S. dollar project.

A similar announcement was carried by China's official XINHUA NEWS AGENCY.

"This is an important step forwards," a Hong Kong government spokesman said. He added though that China had yet to approve two "financial support agreements" which are required before the banks can be approached.

Details of the agreement to be signed were not disclosed. Press reports said it would enable Hong Kong to borrow up to 2.98 billion U.S. dollars for the airport and its high-speed rail link to central Hong Kong.

Much of the rest of the cost is to be covered by 75 equity injection from the Hong Kong government's bulging fiscal reserves.

The Chek Lap Kok airport is to open in 1997, when the British territory reverts to China.

Governor Chris Patten made no mention of the airport when he took questions from the Legislative Council earlier Thursday.

Lu Ping on Financial Arrangements*HK0311103994 Hong Kong TA KUNG PAO in Chinese
3 Nov 94 p 2*

["Special dispatch from Beijing by staff reporter Teng Yan-er (6772 1750 0334): "Lu Ping Says Summary of Financial Arrangements for Hong Kong's New Airport To Be Signed Soon, 'Hong Kong Issue' Is Not Smooth Sailing"]

[FBIS Translated Text] Beijing, 2 Nov (TA KUNG PAO)—Lu Ping, director of the Hong Kong and Macao

Affairs Office of the State Council, said today that the summary of financial arrangements for the new airport is expected to be signed soon and that with the overall financial arrangements as the foundation, it will be easy to hold discussions over the other supporting agreements.

Lu Ping met with the delegation of Hong Kong's Liberal Democratic Federation [LDF] on the sixth floor at Diaoyutai State Guesthouse this evening. Asked whether or not the summary of financial arrangements for the new airport would be signed the next day (3 November), he said he also hoped so. He stressed that there is no problem with it at all and that it is expected to be signed soon. Asked whether the delay in the signing of the summary is because Hong Kong Governor Chris Patten had said a few days before that it would be signed in a few days, he said that the two things were unrelated. He urged the reporters not to be too sensitive.

He said: Once the financial arrangements agreement is signed, the next thing to do is to discuss the other two financial supporting agreements and the draft regulations for the Airport Authority. These three questions still need to be discussed. If the summary is signed, there will be a foundation and there will be overall financial arrangements and if so, it will be easy for discussions over the two other supporting agreements.

As for the question of whether or not it means "smooth sailing" for the question of Hong Kong once the summary is signed, he said that it will not be this simple. He also hoped that it will be smooth sailing. But he said that nothing will be so smooth and that anything can happen and so it is impossible for things to be smooth sailing.

On the question of the retirement of Guo Fengmin, the Chinese chief representative to the Sino-British Joint Liaison Group, he said: Zhao Jihua will succeed Guo Fengmin. The retirement of one person does not mean that the policy will change. The agreements reached in the past are still agreements and there is no question about it. The policy will not change as a result of personnel changes. He added that Guo Fengmin is already retired but that he has not yet returned to Beijing.

Asked whether the question that the Legislative Council cannot go beyond 1997 will affect the transition of the judges of the Court of Final Appeal, Lu Ping said: The "shadow" of the judges of the Court of Final Appeal has not appeared yet. It is still early. The Legislative Council has not approved it yet and still has to discuss it. But the agreements reached at the Sino-British Joint Liaison Group should be implemented.

Moreover, during a meeting with the LDF delegation this afternoon, Zhang Liangdong, head of the Hong Kong Economic Department of the Hong Kong and Macao Affairs Office of the State Council, said: The summary of financial arrangements for the new airport

can be signed within a short time. The other two supporting agreements can be settled at an earliest possible date given the cooperation of the two sides.

After the meeting today, LDF Vice Chairman Wong Siu-yi said: At the meeting, they mentioned the question of a timetable for settling the airport issue. Zhang Liangdong said that the first summary can be signed within a short time while the remaining two supporting agreements depend on cooperation between China and Britain and that the Chinese party hopes the question can be resolved at an early date and holds a positive attitude so that the two supporting agreements can be reached at an early date. LDF Chairman Woo Fa-kwong said the Chinese side held that the major principles have already been settled and that many jobs can be done well.

PRC Official 'Annoyed' by Questions

HK0311042294 Hong Kong SOUTH CHINA
MORNING POST in English 3 Nov 94 p 1

[By Linda Choy and Chris Yeung]

[FBIS Transcribed Text] Patience for a deal on the new airport is wearing thin not only among Hong Kong people who were told a fortnight ago that the signing could be any day now, but also for the Chinese official who helped strike an accord. Guo Fengmin, leader of Beijing's team in the Joint Liaison Group (JLG), last night bore the brunt of impatience for a signing ceremony.

At a farewell reception hosted by his JLG colleagues, Mr Guo appeared to be a little annoyed by the questions that have been put to him countless times in the past fortnight. And when he was asked again, again, and again last night, he cupped his hands to his mouth and shouted at the pack crowding round him on the top floor of the World Trade Centre: "I have answered that just now, I have no more to add."

Then, repeating what he had said at least four times at the reception he said: "I hope that in the next two days, we can solve all the problems on the airport issue. We have reached agreement on all major principles and there are only a few technical points yet to be resolved."

Among those who went to see Mr Guo off were top officials from the government's top echelon including Chief Secretary Anson Chan Fang On-sang and Secretary for Civil Service Michael Sze Cho-cheung.

Mr Guo's opposite number, Hugh Davies, admitted that "everyone recognises that it has been far too slow.... It's time to finish it. I do not think there are any serious difficulties, we are almost there," he said, fuelling speculation about the day for the signing by suggesting these could be wrapped up "in the next two days".

Bombarded by another group from an impatient press, Senior Executive Councillor Lady Dunn said she believed that the formal signing was just a matter of "one or two days".

At a photo-session with the visiting Liberal Democratic Federation in Beijing, Lu Ping the top official in charge of Hong Kong affairs smiled when asked when pen might be put to paper. "I hope that it will be signed on Thursday as well."

But he was quick to advise Hong Kong people not to be so enthusiastic about guessing the date. "Even if the deal is signed it does not solve everything. It does not mean that everything about the transition of Hong Kong will be smooth sailing," he said.

Zhou Nan Urges Britain 'To Abide'

OW0311103894 Beijing XINHUA in English 1016
GMT 3 Nov 94

[FBIS Transcribed Text] Hong Kong, November 3 (XINHUA)—A senior Chinese official here today urged Britain to strictly abide by the agreement which it has reached with China over the financing for the Hong Kong new airport.

Zhou Nan, director of XINHUA NEWS AGENCY Hong Kong branch, made the remark here this afternoon following today's announcement that China and Britain will sign an agreed minute concerning the overall financing arrangements for the new airport and the airport railway Friday [4 November].

He said that China hopes to see the earliest possible agreement with the British side on the financial support arrangements for the mass transit railway corporation and the provisional airport authority as well as the ordinances for the provisional airport authority.

The Chinese side also hopes that Britain will refrain from taking unilateral actions over important issues which straddle 1997, he said.

He urged the British side to seek agreement from the Chinese side through earnest consultations over these issues in the spirit of the Sino-British Joint Declaration.

"Only this will be conducive to a smooth transition and to Hong Kong's prosperity and stability," Zhou said.

Zhou Nan also said that China has always adopted an active and supporting attitude towards the construction of a new airport in Hong Kong since it suits Hong Kong's economic development and long-term stability.

The Chinese side, he added, has insisted that the construction of the new airport should comply with the cost-effectiveness principle and should not leave a heavy financial burden to the future Hong Kong Special Administrative Region Government.

This position accords with the interests of Hong Kong residents and therefore it has won the support of the Hong Kong people, said Zhou Nan.

He said that the Chinese side has always acted in accordance with the spirit of the memorandum of understanding (MOU) concerning the construction of the new

airport in Hong Kong and related questions, which was signed by the two governments in 1991.

He attributed the delayed signing of the new airport financing agreement to Britain's failure to table a financing plan in compliance with the MOU over a long period of time and also to the extra issues raised by Britain during subsequent negotiations.

Interim Legco Tenure Not Less Than 9 Months

HK0311070294 Hong Kong TA KUNG PAO in Chinese
3 Nov 94 p 12

["Special" dispatch from Beijing: "Lu Ping Says Tenure of Interim Legislative Council Should Be No Less Than Nine Months"]

[FBIS Translated Text] Beijing, 2 Nov (TA KUNG PAO)—The Liberal Democratic Federation of Hong Kong proposed to Lu Ping in Beijing that the 60-member interim Legislative Council [Legco] in the future should be elected by a 400-member election committee. On the same occasion, the federation also suggested that the members of interim district boards, the interim Urban Council, and the interim Regional Council be elected from among members of the existing district boards, Urban Council, and Regional Council.

The meeting was held in Pavilion No. 6 of Diaoyutai State Guesthouse at dusk today. Emerging from the meeting, Wong Siu-yee, Vice Chairman of the Liberal Democratic Federation of Hong Kong, said his federation maintains that Hong Kong needs to set up an interim Legco. Based on three conditions the Liberal Democratic Federation of Hong Kong supports the establishment of the interim Legco: 1) the shorter tenure of the interim Legco the better, preferably six to nine months; 2) the interim Legco shall have limited duties and power, and nothing other than urgent matters or issues that really need to undergo a legislative process shall be submitted to this Legco; and 3) the election committee should have a broad base of representativeness.

Lu Ping said the above opinions would be brought up to the Preliminary Work Committee [PWC] for discussion.

Mr. Wong also quoted Lu Ping as saying that a six-month tenure would be too short; instead it should be made nine months to one year at least, because district boards would have to be reelected first, and after that would come the reelection of the Urban Council and the Regional Council. Therefore the tenure cannot be shortened any further, as the PWC sees it. But Lu Ping also stressed that the tenure of the interim Legco, longer or shorter, would not affect the tenure of the first Legco of the Special Administrative Region.

Ambassador Criticizes Patten's Reforms

MS0211130894 London THE TIMES in English 2 Nov
94 p 19

[Letter from Ma Yuzhen, Chinese Ambassador to United Kingdom: "China and Hong Kong"]

[FBIS Transcribed Text] Sir, Your papers article (October 27) on Hong Kong by William Rees-Mogg contains gross misjudgments on at least two vital points.

First, the trouble between Britain and China over Hong Kong began in 1992 when the new Hong Kong governor unilaterally decided to speed up the wheel of democracy by devising a constitutional package for Hong Kong. It did not begin in 1989 by what happened in Tiananmen Square, as alleged by the writer of that article.

For one thing, the Chinese and British foreign ministers still managed to reach an agreement early in 1990 on, among other things, the number of directly elected seats for Hong Kong's legislature for the first three terms after 1997. For another, the two countries agreed on the building of a new airport in Hong Kong and signed the memorandum of understanding in 1991. The momentum of co-operation would have continued had the governor not aborted it with his "reform package" in violation of the past agreements.

Second, it is not China, but Britain that does not want to have a "through train". Admittedly, a provisional legislature is not the best choice. The best choice is the "through train" envisaged in the relevant China's National People's Congress decision but derailed by the unilateral action of the Hong Kong governor.

The only viable option left to China is the setting up of a provisional legislature. China has said that this caretaker legislature is to be formed by election, with a short term of office. And its powers are to be restricted to areas that have to be dealt with before the first post-1997 legislative council is formed. This is done with a view to ensuring a smooth transition for Hong Kong. Any charge about China in breach of the 1984 Joint Declaration is wide of the mark.

Official on Law Issues, 'One Country, Two Systems'

HK0211130294 Beijing ZHONGGUO XINWEN SHE
in Chinese 0317 GMT 30 Oct 94

[FBIS Translated Text] Beijing, 30 Oct (ZHONGGUO XINWEN SHE)—At a symposium on the conditions of and prospects for Hong Kong in the latter stage of the transition period, which was held here today, Wang Fengchao, deputy director of the Hong Kong and Macao Affairs Office under the State Council, made a speech entitled "Legal Issues Involving Hong Kong and the Mainland Under 'One Country, Two Systems.'"

Wang Fengchao said: China will exercise its sovereignty over Hong Kong and establish the Hong Kong Special Administrative Region on 1 July 1997. From then on, two regions practicing different laws will emerge for the first time in history, that is, a law region in the hinterland which practices a socialist legal system, and another law region in Hong Kong which practices a capitalist legal system. This is an entirely new thing, which has put forward many new subjects in the study of law for the

personages in legal circles both in Hong Kong and the hinterland. It not only involves the basic theory of the science of law, but also covers a lot of specific legal issues.

In his opinion, the issues that should be incisively explored and studied by the personages in legal circles include the theoretical issues on China's legal system under "one country, two systems"; the similarities and differences between the mainland's legal system and Hong Kong's legal system; the differences between the mainland and Hong Kong in terms of legislative systems; the differences between the mainland and Hong Kong in terms of systems of law enforcement; the conflicts between the mainland and Hong Kong in terms of standardization with regard to criminal law, civil law, economic law, administrative law, litigation law, and so on, as well as measures for their solution; the methods for the mainland and Hong Kong to establish a cooperative relationship in the administration of justice; and how to guarantee the consistency in China's commitment to the international rights and obligations in these two law regions.

He pointed out: "One country, two systems" is an unprecedented undertaking, and various legal issues involving the two regions under "one country, two systems" are extremely unique. Therefore, the solution of these issues calls for creative wisdom and profound understanding of China's national conditions and the laws in the two regions. As an old saying goes, it is good to be harmonious in spite of differences, which is the purpose of engaging in the above-mentioned studies to ensure the harmonious ties between the two law regions.

He continued: The restoration of sovereignty over Hong Kong is just the first step in achieving the great cause of reunification of the motherland. Macao will also return to the embrace of the motherland in 1999. With the solution of the Taiwan issue in the future, there will be third and fourth law regions in China. Today, our move to begin studying the legal issues in Hong Kong and the mainland is of significance not only to resolving the practical problems at present, but also to giving guidance to the future.

The symposium was cosponsored by the Hong Kong Law Education Foundation and the International Politics Department of Beijing University. The participants also reviewed experience in using Hong Kong's law education funds to promote research and education on the science of law in both Hong Kong and the hinterland.

Hong Kong, Macao CPPCC Members Inspect Shanghai

OW0311112394 Shanghai People's Radio Network in
Mandarin 2300 GMT 1 Nov 94

[From the "990 Morning News" program]

[FBIS Translated Text] At a discussion session with leaders of the municipal government and the municipal

committee of the Chinese People's Political Consultative Conference [CPPCC] yesterday [1 November], 16 members of the CPPCC National Committee from Hong Kong and Macao, who were on an inspection tour of Shanghai, put forth frank views and suggestions concerning Shanghai's economic and social development. A prevailing view is that Shanghai should raise the level of its civic construction and urban management, and the quality of residents. Many of the members agreed that although there are many talented people in Shanghai, they still cannot meet the demand of municipal development. Therefore, it is necessary to give priority to training specialized people in various fields.

Chairman Chen Tiedi of the municipal CPPCC committee and Vice Mayor Xia Keqiang were in attendance to hear the suggestions and opinions.

UK To Seek 'Firm Commitment' From PRC Appeal Court

HK0311044694 Hong Kong SOUTH CHINA MORNING POST in English 3 Nov 94 p 6

[By Chris Yeung and So Lai-fun]

[FBIS Transcribed Text] Britain is set to seek a firm commitment from China on the post-1997 future of the Court of Final Appeal before the draft bill is tabled in the Legislative Council [Legco], a source says. The source said the Government must get a clear guarantee from Beijing that the judges to be sitting on the court would be able to keep their jobs after 1997. "Otherwise, Legco will certainly ask about it," the source said.

The Sino-British Joint Liaison Group agreed in 1991 that the Court of Final Appeal should be set up at an early date. But it was not specifically stated that the court would be able to ride the "through-train" after 1997.

The British side, however, is adamant that the two sides shared an "understanding" that the court would straddle 1997 if it complied with the 1991 accord. "Otherwise, what's the point of having an agreement on the early establishment if we do not want to continue after 1997?" the source said.

A senior mainland official had earlier said judges of the Court of Final Appeal would have to be re-appointed after 1997 even if its establishment was in line with the 1991 agreement. The official also maintained that it would not be possible to have the court set up before 1997 as the breakdown of political cooperation brought about "lots of other problems".

A local delegate to the National People's Congress, Liu Yiu-chu, agreed that it would be difficult for the court to "ride the through-train" even if it was set up according to the agreement.

It was disrupted by the passage of Governor Chris Patten's political package which formed a legislature unacceptable to China, she said. China certainly would

not accept judges endorsed by the pre-1997 legislature, added Ms Liu, a practising lawyer.

Under Article 90 of the Basic Law, judges of the Court of Final Appeal should be appointed by the chief executive and endorsed by the legislature. The appointment should report to the Standing Committee of the National People's Congress.

Ms Liu said she was not against having the court established before 1997 but she only wanted to point out problems which she believed were insurmountable. She said there was no question that China was going back on its word. "The two sides only agreed 'in principle' in 1991 that the court be set up and they had (not agreed to) details apart from the composition of the court," she said. "Composition was only one factor. China would regard other factors such as the jurisdiction as equally important. But as the negotiations were shelved afterwards they had no opportunity to go into details."

If the legal profession and the Legislative Council wanted the court in place before the changeover, they had better not change the agreement because it was tantamount to "trying to do something with the wrecks on the rocks," she added.

Paper Reveals Composition of PRC Garrison Troops

HK0311082294 Hong Kong HONGKONG STANDARD in English 3 Nov 94 p 1

[By Cary Huang, China Editor]

[FBIS Transcribed Text] People's Liberation Army (PLA) troops to be stationed in Hong Kong in 1997 will be an elite corps of officers handpicked throughout China.

The arrangement, together with the decision to place the Hong Kong garrison under the command of the Central Military Commission (CMC) as reported in The HONGKONG STANDARD yesterday, is aimed at thwarting regionalism and warlordism in the south.

Deputy chief of general staff Xu Huizi, responsible for military affairs concerning China's reclamation of Hong Kong's sovereignty, said the top leadership had in principle agreed the garrison would be a small troop of several thousand officers carrying military ranks. However, no decision had been made on the number of soldiers to be stationed in the territory, he said.

Gen Xu also said officers deployed in the future special administrative region (SAR) would be recruited nationwide rather than from armies stationed in Guangdong Province under the Guangzhou Military Area Command.

Gen Xu, the Army representative in the Preliminary Working Committee (PWC), was speaking at a recent

meeting in Zhuhai attended by civilian and military officials, including state president and party chief Jiang Zemin.

Previously, it had been decided to pick soldiers from armies stationed in Guangdong province with the ability to speak Cantonese.

Beijing has now decided to recruit soldiers on a national basis through a merit system to establish an elite corps.

In the meeting to discuss matters concerning the PLA's stationing in the SAR, Gen Xu said senior commanders and officers of the garrison would not necessarily come from within the Guangzhou Military Area Command. "Cantonese is not a prerequisite for us to recruit soldiers to be deployed in the future SAR," a military source quoted Gen Xu as saying. "Rather, we put more emphasis on merit of education, knowledge, and skill about military profession," he said, adding that all soldiers would undergo a two-year intensive training course, including Cantonese and English.

Chinese sources with close links to the Army said training had already begun at three military training centres in Shenzhen, Zhongshan, and a suburb of Guangzhou.

Central authorities have been worrying about a possible split in China with warlords and local officials joining hands to build regional power bases after paramount leader Deng Xiaoping's demise, China watchers said.

Gen Xu said the garrison would be home to three military services, navy and air force included, equipped with a squadron of helicopters. He said Beijing did not want to turn Hong Kong into a military base or navy port but thought it was necessary to maintain a force capable of resisting foreign invasion and to crack down on "domestic troublemakers".

Editorial on Patten Statements Regarding UN

HK0311083794 Hong Kong WEN WEI PO in Chinese
2 Nov 94 p A2

[Editorial: "Promote Internationalization of the Hong Kong Issue Under the Guise of Human Rights"]

[FBIS Translated Text] Chris Patten recently said, Britain will, at the UN (United Nations) Economic, Social, and Cultural Committee meeting to be held this month, seek a resolution that Hong Kong surrender regular human rights reports to the UN after 1997. He also said that the Hong Kong government would explain the provisions about human rights in the Joint Declaration at the UN Human Rights Committee meeting to be held in March next year, adding that if China refuses to present to the UN reports on the human rights in Hong Kong after 1997, it must give an explanation to the Hong Kong people and the international community. In the Legco (Legislative Council) debate on the policy address, Lee Chu-ming, who had just come back to Hong Kong

from a meeting with Douglas Hurd in London, also said in the same tone that if China refused to surrender to the UN reports on the human rights situation in Hong Kong after 1997, Britain should accuse China of violating the Joint Declaration at the Hague International Court and seek a verdict. The fact the two echoed each other fully suggests the British side is stepping up its effort to internationalize the Hong Kong issue. This is something worthy of attention.

According to this British attempt, the British Hong Kong Legco Constitutional Development Panel recently decided to send representatives to the UN to require China to report to the UN on the human rights situation in Hong Kong in the future. The move is clearly designed to make the Hong Kong issue an international one, introducing international forces into China.

The British side is wishfully trying, under the pretext of the "human rights" issue, to enable Hong Kong as an independent political entity to join the UN in its international activities. The British side, which is experienced and astute, has hypocritically "submitted" to the UN reports on the human rights in Hong Kong over the last few years. In fact, we can easily expose the nature of this "gesture." During more than 150 years, Britain introduced in Hong Kong, a Chinese territory which it occupied by the use of force, autocracy, and under which British people and British companies enjoyed all kinds of privileges while Hong Kong people's many basic human rights including their democratic rights and rights to equal treatment were completely denied or seriously jeopardized. Why did Britain not mention this in their Hong Kong's human rights reports submitted to the UN in the past? What is more ridiculous, Britain has never submitted any human rights reports for Ireland while persisting on presenting to the UN reports on the human rights situation in Hong Kong, where they are least entitled to comment on human rights. Their design is obvious to all.

According to the most fundamental principle for the Joint Declaration, namely, the principle of sovereignty, Hong Kong is China's sacred inseparable territory. No attempt is allowed to turn it into an independent political entity. After 1 July 1997, when China recovers sovereignty over Hong Kong, human rights issues in Hong Kong are purely China's internal affairs and no foreign countries including Britain have the right to make indiscreet remarks or criticisms of or interfere with China's internal affairs. The most reliable guarantee for human rights has been afforded in the Basic Law. The Basic Law allows Hong Kong people to administer Hong Kong, enjoying a high degree of autonomy, under the principle of "one country, two systems." This puts an end to the colonialist autocratic rule under which Hong Kong people have no democratic rights whatsoever. According to Chapter III of the Basic Law, Hong Kong people will enjoy all kinds of basic rights and the regulations of international conventions applicable in Hong Kong will remain valid and be implemented in the

form of SAR (Special Administrative Region) laws. Any excuses or reasons for turning the Hong Kong issue into an international one by Britain under the pretext of "human rights" are untenable.

What merits attention is, to make the Hong Kong issue an international one in the name of "protecting human rights," Hong Kong government officials have frequently engaged in international activities recently. Earlier, Chief Secretary Anson Chan Fang On-sang went to the United States and Canada to publicize in a big way the necessity to make great amendments to Hong Kong laws through playing up "the self-censorship exercised by Hong Kong media." Chris Patten too, will go to the United States in the future to meet with some people. The British attempt to internationalize the Hong Kong issue is crystal clear. But China will make no concessions on the sovereignty issue and the British attempt will only end in failure.

Paper Views PRC, Pegged Exchange Rate System

HK0211125594 Hong Kong MING PAO in Chinese 28 Oct 94 p a4

["Special article" by unidentified staff reporter: "The Chinese Side Worries About a Change in the Pegged Exchange Rate System, and Will Recover Hong Kong Early Should Such a Change Occur"]

[FBIS Translated Text] Although the Hong Kong Government has reiterated that it will not change Hong Kong's pegged exchange rate system, it has been learned that the Chinese side still worries that the British side will disrupt the stability and prosperity of Hong Kong by changing the system. Should the British side take this action, the Chinese side will not rule out the possibility of taking over Hong Kong early. A subgroup of the Preliminary Working Committee [PWC] of the Preparatory Committee for the Hong Kong Special Administrative Region will discuss the matter of the pegged exchange rate in Hong Kong today, which may be regarded as a tactical move of the Chinese side to ask the British side to once again declare its position on this issue.

A Chinese official said clearly to this reporter that the Chinese side still insists that the pegged exchange rate should not be changed at the present stage.

A source on intimate terms with the Chinese side elaborated further, saying: The Chinese side does not wish to see the practice of pegging the Hong Kong currency to the U.S. dollar changed, nor does it wish to modify the current exchange rate of \$1 to 7.8 Hong Kong dollars.

He explained that either the delinking of the Hong Kong dollar from the greenback or the linking of the Hong Kong dollar to a basket of other currencies will change the existing system and give the outside world a feeling of destabilization, which will add fuel to speculative activities, because people will think that since it has been

changed once, naturally it will be changed a second time. This is what the Chinese side would hate to see.

He continued: Even though the exchange rate is only modified, whether it is adjusted upward or downward, it will produce the same result, and bring about the above-mentioned drawback by making people think that a second change will certainly follow the first in a short while. He said the Chinese side under no circumstances wishes to see such destabilizing factors.

The above official also said to this reporter that since Hong Kong Governor Patten's political reform package led to the deterioration of Sino-British relations, the Chinese side has realized that British policy toward China has changed. Therefore, it is deeply worried about the British side doing something to disrupt the stability and prosperity in Hong Kong before 1997. It is particularly worried about British disruption of the stability of Hong Kong's financial structure, which Hong Kong could hardly withstand.

It has been reported that although the Hong Kong Government has repeatedly said that it would not change the pegged exchange rate system, some Hong Kong personalities have told Chinese officials that, in fact, the British side still has the intention of changing the system, so that the Chinese side has heightened its vigilance again.

Under the above circumstances, during its meeting in Beijing some time ago, the PWC's economic subgroup came to the conclusion that the pegged exchange rate system should not be changed, but the financial panel under the economic subgroup again held a meeting to discuss this issue in Hong Kong today. Several senior Chinese officials came a long way from Beijing to attend the meeting.

According to the above source, it is anticipated that the financial panel meeting will again draw the conclusion of standing for the maintenance of the pegged exchange rate system. He feels that the position reasserted by the PWC will be of a certain tactical significance to this issue.

But he added that apart from reiterating its stand on the issue, the financial panel should also study what impacts there may be on the pegged exchange rate system and how these impacts should be coped with once they arise.

The Chinese officials who made a special trip from Beijing to Hong Kong to attend today's panel discussion include Zhang Liangdong, director of the Hong Kong Economic Department of the Hong Kong and Macao Affairs Office under the State Council, Wang Qiren, chairman of the Bank of China, Zhou Xiaochuan, vice president of the Bank of China, Chen Yuan, president of the People's Bank of China, Gao Shangchuan, group leader of the economic subgroup of the PWC, and so on. Shen Lien-tao, vice president of the Financial Authority,

who is regarded by the Chinese side as a Hong Kong Government official, also attended the discussion.

Editorial Expresses Doubts Over Post-1997 Garrison

HK0311082794 Hong Kong HONGKONG STANDARD in English 3 Nov 94 p 12

[Editorial: "Mixed News Over Post-97 Garrison"]

[FBIS Transcribed Text] Deng Xiaoping himself first informed us a decade ago that it was China's sacred right to station troops in Hong Kong after it regained sovereignty. His words were greeted here with mixed emotions. There was a general acceptance that like every other sovereign nation, China had every right to deploy its forces in any way it deemed appropriate.

Inevitably, however, there was also a certain amount of nervousness. How justified were these fears? Will it be a painless deployment or will the garrison be a potential instrument of repression? This newspaper has pointed out in the past that these questions could only be answered when China's military planners spelt out the practical arrangements for that aspect of the transition.

Some more facts have come to light lately. And there is both good and bad news for the people of Hong Kong.

It has been revealed that the People's Liberation Army (PLA) troops to be stationed here after 1997 will be placed under the direct command of China's Central Military Commission (CMC) chairman Jiang Zemin. This underlines the "upgraded" status of the garrison as it will be commanded by Mr Jiang, who is also state president and party general secretary. The arrangement will ensure that the garrison will function more effectively.

The move also provides an insight into China's preoccupation with such phenomena as regionalism and "warlordism."

Basically, Beijing has decided that the special administrative region (SAR) garrison will belong to the local armed force, not the field army. In China, the PLA's local armed forces are permanently stationed in a specific region or city for defence purposes and under the command of the provincial military region.

The field armies are directly under the command of the CMC and would be dispatched from place to place to implement strategic orders for both defensive and offensive purposes given by the CMC.

It is also known that the garrison will be composed of picked troops who will be recruited nationwide rather than from armies stationed in Guangdong Province under the Guangzhou Military Command. This would seem to reflect a fear on China's part that Hong Kong and Guangdong might cooperate with each other to "gang up" against the central authorities.

From a purely practical standpoint, this move would give the garrison a status that would be in line with the status of the SAR government, which will be directly under the State Council.

We know now that the garrison, which will be largely an officer corps, will be made up of high-calibre personnel whose discipline will be closely monitored by the central authorities. And that can only be good news for Hong Kong.

Influence of 'China Factor' Increasing

HK0311070394 Beijing ZHONGGUO XINWEN SHE in Chinese 1203 GMT 2 Oct 94

[By staff reporter Zhou Jingluo (0719 2529 3157)]

[FBIS Translated Text] Hong Kong, 2 Oct (ZHONGGUO XINWEN SHE)—There are a little over 1,000 days before China regains sovereignty over Hong Kong. With the approach of 1997, the influence of the "China factor" in Hong Kong is becoming increasingly profound. It is penetrating deep into Hong Kong's economic and cultural fields and even into the lives and ideas of Hong Kong residents.

Language is of vital importance to the life and thinking of the human being. Most Hong Kong people used to speak Cantonese and English, but now more and more people can understand Mandarin, and many are already capable of communicating with others in it. Mainlanders will have "much less difficulty" than they have had in the past in asking directions or going shopping in Hong Kong.

On my first visit to Hong Kong as a journalist, I was surprised to find a young taxi driver, born and reared in Hong Kong, speaking Mandarin with me. I was told that he had learned some Mandarin during his tours of the mainland. Knowing Mandarin is not only a fashion of the day but an asset in getting a job in Hong Kong. A journalist who knows Mandarin is much sought after by newspaper offices, which are in dire need of people for their mainland columns.

In Hong Kong, learning Mandarin has become a common phenomenon, with specialized courses and crash-course schools springing up like mushrooms. Some wealthy tycoons have offered large salaries to hire teachers to teach them Mandarin from scratch. A Mandarin promotion association has even emerged in Hong Kong.

The Hong Kong currency is of course something that cannot be dispensed with in the daily life by Hong Kong residents. On 1 May this year, the Bank of China officially issued new Hong Kong bank notes. I happened to be there to witness how people in Hong Kong vied to exchange for the new bills, some standing in line at midnight in front of the Bank of China building in the hope of securing a set of the new banknotes to keep as a memento.

With 13 banks already in Hong Kong, the Bank of China Group boasts a solid financial capacity. Acting in accordance with the principle of "applying money where it comes from," the group has rendered support to the development of Hong Kong's public utilities and capital construction, granting HK\$2 billion [Hong Kong dollars] in loans for such projects as container terminals, subways, and tunnels. Along with the circulation of the new currency, the Bank of China has been imprinted on the minds of Hong Kong people, as has the unique structure of its building.

Hong Kong's investors who are keen about speculating on the stock exchange seem to be biased in favor of the mainland's state-owned enterprises listed on the Hong Kong Stock Exchange. The state-owned enterprises' Hang Seng Index has risen to over 2,000 points at best, and the six companies had Hong Kong investors scrambling to buy the issues hundreds of times over, as many as 600 times in one case.

While shopping in Hong Kong, tourists, those visiting relatives, and people on business trips from the mainland will find the sales girls are friendly and amicable, entirely different from how they were 10 years ago.

According to a survey, mainland tourists have become the biggest source of income for Hong Kong's tourist industry. In the first half of this year, around 850,000 mainlanders visited Hong Kong. Their purchasing power for such commodities as clothing and gold jewelry is very strong, and, to make it convenient for mainlanders to purchase goods, many big stores in Hong Kong and Kowloon have begun to use renminbi in settling accounts.

People interested in the law are embarking on a careful study of the various rules and regulations enacted by the Chinese Government. As many as 300 persons from Hong Kong legal firms, enterprises, companies, press circles, and the educational sector have sat for the first nationwide examination in law sponsored by the Chinese Ministry of Justice.

More and more Hong Kong residents have taken to watching programs from Central and Guangdong TV. They show much interest in state affairs and the trend of reform on the mainland because they have become increasingly aware of the truth that the fate of Hong Kong is closely related to that of the motherland.

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